

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
REPORT OF AUDIT
2016

NISIVOCCIA, LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2016

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TOWNSHIP OF MENDHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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

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, 2016 and 2015, 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; this includes 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, 2016 and 2015, 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, 2016 and 2015 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, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the 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 Honorable Mayor and Members
of the Township Committee
Township of Mendham
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The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 12, 2017 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 12, 2017

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Certified Public Accountant

Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,283,814.29	\$ 1,641,720.06
Change Fund		320.00	320.00
		<u>2,284,134.29</u>	<u>1,642,040.06</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	277,418.61	225,472.17
Tax Title Liens Receivable	A-8	51,308.26	48,037.46
Revenue Accounts Receivable	A-9	10,140.93	8,417.08
Due from Other Trust Funds	B	9,403.51	14,920.79
Due from Mendham West Sewer Utility Operating Fund	E	6,068.45	
Total Receivables and Other Assets with Full Reserves		<u>354,339.76</u>	<u>296,847.50</u>
Total Regular Fund		<u>2,638,474.05</u>	<u>1,938,887.56</u>
Federal & State Grant Fund:			
Due from Current Fund	A	55,266.63	48,690.51
Grants Receivable	A-10	4,411.79	15,380.95
Total Federal and State Grant Fund		<u>59,678.42</u>	<u>64,071.46</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,698,152.47</u>	<u>\$ 2,002,959.02</u>

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

		December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 138,651.86	\$ 74,986.29
Unencumbered	A-3;A-11	590,635.20	268,902.82
		<u>729,287.06</u>	<u>343,889.11</u>
Accounts Payable - Vendors		2,500.00	
Prepaid Taxes		182,356.16	226,792.77
County Taxes Payable		18,915.84	7,084.28
Due to State of New Jersey:			
Marriage Licenses		25.00	100.00
Department of Community Affairs Training Fees		3,993.00	3,103.00
Senior Citizens & Veterans Deductions		5,774.57	5,014.98
Due to Federal & State Grant Fund	A	55,266.63	48,690.51
Due to Animal Control Fund	B	2,236.80	
Tax Overpayments		3,733.52	
Reserve for:			
Tax Sale Premiums		36,100.00	80,200.00
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>1,151,258.47</u>	<u>825,944.54</u>
Reserve for Receivables and Other Assets	A	354,339.76	296,847.50
Fund Balance	A-1	<u>1,132,875.82</u>	<u>816,095.52</u>
Total Regular Fund		<u>2,638,474.05</u>	<u>1,938,887.56</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-14	<u>59,678.42</u>	<u>64,071.46</u>
Total Federal and State Grant Fund		<u>59,678.42</u>	<u>64,071.46</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,698,152.47</u>	<u>\$ 2,002,959.02</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.	2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 790,000.00	\$ 790,000.00
Miscellaneous Revenue Anticipated		1,139,814.80	1,245,454.59
Receipts from:			
Delinquent Taxes		226,983.54	222,334.70
Current Taxes		38,517,601.21	37,809,817.10
Nonbudget Revenue		160,762.29	44,517.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		128,449.00	98,520.48
Appropriated Grant Reserve Canceled		1,119.16	2,500.00
Interfunds Returned		14,920.79	28,312.42
Total Income		40,979,650.79	40,241,456.85
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		8,528,812.28	8,218,045.81
County Taxes		4,946,377.59	4,917,980.21
Due County for Added and Omitted Taxes		18,915.84	7,084.28
Local School District Taxes		15,548,343.00	15,561,040.00
Regional High School Taxes		10,321,103.00	10,221,853.00
Municipal Open Space Trust Taxes		433,287.63	432,244.72
Prior Year Senior Citizens' and Veterans Deductions Disallowed		250.00	250.00
Reserve for Pending Tax Appeals		59,190.03	39,278.55
Refund of Prior Year Revenue			77.58
Cancellation of Grants Receivable		1,119.16	13,523.60
Interfunds Advanced		15,471.96	14,920.79
Total Expenditures		39,872,870.49	39,426,298.54
Excess in Revenue/Statutory Excess to Fund Balance		1,106,780.30	815,158.31
<u>Fund Balance</u>			
Balance January 1		816,095.52	790,937.21
		1,922,875.82	1,606,095.52
Decreased by:			
Utilized as Anticipated Revenue		790,000.00	790,000.00
Balance December 31	A	\$ 1,132,875.82	\$ 816,095.52

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, 2016

	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	70,000.00		80,330.74	10,330.74
Municipal Court - Fines and Costs	100,000.00		83,038.25	16,961.75 *
Interest and Costs on Taxes	70,000.00		65,789.38	4,210.62 *
Interest on Investments and Deposits	6,000.00		9,817.88	3,817.88
Energy Receipts Tax	459,000.00		459,000.00	
Watershed Aid	28,059.00		28,059.00	
Uniform Construction Code Fees	190,000.00		194,345.00	4,345.00
Recycling Tonnage Grant	3,849.13		3,849.13	
Drunk Driving Enforcement Fund	5,163.08		5,163.08	
Sustainable Jersey Grant	150.00		150.00	
Body Armor Replacement Fund		\$ 1,702.98	1,702.98	
Drive Sober or Get Pulled Over		5,000.00	5,000.00	
Clean Communities		25,274.56	25,274.56	
Bulletproof Vest Partnership Grant		1,923.40	1,923.40	
Alcohol Education and Rehabilitation Fund		1,027.33	1,027.33	
Uniform Fire Safety Act	1,600.00		1,562.93	37.07 *
Rents on Municipal Properties	40,000.00		61,521.28	21,521.28
Annual CATV Gross Receipts	91,000.00		101,897.13	10,897.13
Reserve to Pay Debt Service	7,600.00		7,682.73	82.73
	1,075,021.21	34,928.27	1,139,814.80	29,865.32
Receipts from Delinquent Taxes	220,000.00		226,983.54	6,983.54
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	7,455,480.21		8,296,191.55	840,711.34
Budget Totals	9,540,501.42	34,928.27	10,452,989.89	877,560.20
Nonbudget Revenue			160,762.29	160,762.29
	\$ 9,540,501.42	\$ 34,928.27	\$ 10,613,752.18	\$ 1,038,322.49

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 38,517,601.21
Allocated to:		
Local School District Taxes	\$ 15,548,343.00	
Regional High School Taxes	10,321,103.00	
Municipal Open Space Taxes	433,287.63	
County Taxes	4,946,377.59	
Due County for Added and Omitted Taxes	<u>18,915.84</u>	
		<u>31,268,027.06</u>
Balance for Support of Municipal Budget		7,249,574.15
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,046,617.40</u>
Realized for Support of Municipal Budget		<u><u>\$ 8,296,191.55</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 225,713.40
Tax Title Lien Redemptions	<u>1,270.14</u>
	<u><u>\$ 226,983.54</u></u>

Fees and Permits

Clerk	\$ 775.00
Board of Health	43,569.00
Police	16,300.75
Planning and Zoning	5,260.00
Fire Inspection	5,660.00
Department of Public Works	7,528.99
Other	<u>1,237.00</u>
	<u><u>\$ 80,330.74</u></u>

Analysis of Interest on Investments:

Treasurer	\$ 9,489.52
Due from Other Trust Funds	<u>328.36</u>
	<u><u>\$ 9,817.88</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Senior Citizens' and Veterans Deductions Administrative Fee	\$	490.19
Police Third Party Administrative Fees		97,096.32
FEMA Reimbursements:		
October 2011 Snow Storm		1,327.76
Super Storm Sandy		7,908.79
Refund of Prior Year Expenses		44,283.21
Statutory Excess in Reserve for Animal Control Expenditures		420.40
Other Miscellaneous		8,711.32

\$ 160,237.99

Tax Collector

524.30

\$ 160,762.29

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, 2016

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 138,320.00	\$ 138,320.00	\$ 130,575.20	\$ 7,744.80	
Other Expenses	72,150.00	72,150.00	60,158.13	11,991.87	
Mayor and Council:					
Salaries & Wages	15,700.00	15,700.00	15,700.00		
Other Expenses	5,500.00	5,500.00	5,016.44	483.56	
Municipal Clerk:					
Salaries & Wages	80,000.00	80,000.00	78,416.73	1,583.27	
Other Expenses	3,100.00	3,100.00	3,021.64	78.36	
Financial Administration:					
Salaries & Wages	132,500.00	132,500.00	114,275.00	18,225.00	
Other Expenses	64,000.00	64,000.00	57,225.31	6,774.69	
Annual Audit	38,100.00	46,100.00	46,000.00	100.00	
Management Information Services:					
Other Expenses	54,000.00	66,000.00	63,739.47	2,260.53	
Revenue Administration (Tax Collection):					
Salaries & Wages	46,500.00	46,500.00	40,625.00	5,875.00	
Other Expenses	1,780.00	1,780.00	1,721.22	58.78	
Tax Assessment Administration:					
Salaries & Wages	44,470.00	44,470.00	44,463.85	6.15	
Other Expenses	7,030.00	7,030.00	6,896.32	133.68	
Legal Services and Costs:					
Other Expenses - General	63,750.00	81,750.00	80,432.51	1,317.49	
Other Expenses - Labor/Personnel	1,000.00	1,000.00	1,000.00		
Other Expenses - Tax Appeals	12,000.00	12,000.00	10,044.96	1,955.04	
Environmental Commission (R.S. 40:56A-1 et seq.):					
Other Expenses	500.00	500.00	460.92	39.08	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(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	\$ 22,700.00	\$ 22,700.00	\$ 15,862.93	\$ 6,837.07	
Historic Preservation:					
Other Expenses	500.00	500.00	500.00		
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	15,485.00	15,485.00	15,300.00	185.00	
Other Expenses	14,800.00	14,800.00	12,105.46	2,694.54	
Board of Adjustment:					
Salaries & Wages	14,935.00	14,935.00	14,935.00		
Other Expenses	3,050.00	3,050.00	2,826.45	223.55	
General Liability Insurance	157,350.00	157,350.00	149,514.15	7,835.85	
Workers Compensation Insurance	123,800.00	123,800.00	121,553.82	2,246.18	
Group Insurance Plan for Employees	647,700.00	556,050.00	513,846.97	42,203.03	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,629,172.00	1,629,172.00	1,608,910.00	20,262.00	
Other Expenses	70,200.00	70,200.00	66,770.76	3,429.24	
Other Expenses - Purchase of Vehicles					
Contractual Radio Dispatch	141,229.09	141,229.09	140,729.09	500.00	
Emergency Management Services:					
Salaries & Wages	2,000.00	2,000.00	2,000.00		
Other Expenses	200.00	200.00		200.00	
Aid to Volunteer Fire Company	52,750.00	52,750.00	51,687.43	1,062.57	
Municipal Court:					
Salaries & Wages	69,145.00	74,145.00	73,779.61	365.39	
Other Expenses	6,350.00	6,350.00	6,348.61	1.39	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY (Cont'd):					
Fire:					
Salaries & Wages	\$ 7,580.00	\$ 7,580.00	\$ 7,577.04	\$ 2.96	
Other Expenses	340.00	490.00	413.10	76.90	
Fire Hydrant Service	65,000.00	73,000.00	67,004.70	5,995.30	
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	794,615.00	794,615.00	734,228.59	60,386.41	
Other Expenses	163,500.00	163,500.00	146,687.94	16,812.06	
Snow Removal:					
Other Expenses	287,900.00	287,900.00	119,373.62	168,526.38	
Sanitation:					
Trash Removal	260,000.00	261,300.00	253,821.12	7,478.88	
Public Building and Grounds:					
Other Expenses	59,400.00	59,400.00	28,239.27	31,160.73	
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	22,230.00	22,230.00	22,230.00		
Other Expenses	6,800.00	6,800.00	5,976.87	823.13	
Health Services Contract	103,000.00	103,000.00	103,000.00		
Animal Control:					
Other Expenses	15,500.00	15,500.00	13,544.00	1,956.00	
Senior Citizen Programs:					
Other Expenses	21,017.50	21,017.50	19,859.66	1,157.84	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PARKS AND RECREATION:					
Board of Recreation Commissioners:					
Salaries & Wages	\$ 26,520.00	\$ 26,520.00	\$ 24,897.95	\$ 1,622.05	
Maintenance of Parks:					
Other Expenses	18,700.00	33,700.00	32,921.24	778.76	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	81,850.00	81,850.00	81,071.03	778.97	
Other Expenses	10,000.00	10,000.00	7,517.63	2,482.37	
Other Code Enforcement:					
Salaries & Wages	47,800.00	48,000.00	47,993.45	6.55	
UNCLASSIFIED:					
Reserve for Sick Leave Benefits	8,000.00	8,000.00		8,000.00	
Utilities	268,675.00	291,675.00	193,964.17	97,710.83	
Total Operations Within "CAPS"	6,037,193.59	6,036,193.59	5,481,544.16	554,649.43	
Contingent	2,000.00	2,000.00		2,000.00	
Total Operations Including Contingent Within "CAPS"	6,039,193.59	6,038,193.59	5,481,544.16	556,649.43	
Detail:					
Salaries & Wages	3,176,822.00	3,182,022.00	3,056,978.45	125,043.55	
Other Expenses	2,862,371.59	2,856,171.59	2,424,565.71	431,605.88	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Deferred Charges:					
Anticipated Deficit - Sewer Utility (Mendham West)	10,000.00	10,000.00	10,000.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
(Cont'd)					
Statutory Expenditures:					
Contribution to Public Employees Retirement System (ERIP)	\$ 14,623.00	\$ 14,623.00	\$ 14,623.00		
Public Employees' Retirement System	146,800.00	146,800.00	146,800.00		
Social Security System (O.A.S.I.)	260,920.00	250,920.00	232,914.53	\$ 18,005.47	
Unemployment Compensation Insurance		10,000.00	3,931.55	6,068.45	
Defined Contribution Retirement System	1,500.00	2,500.00	2,038.15	461.85	
Police & Fireman's Retirement System of NJ	326,377.00	326,377.00	326,377.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	760,220.00	761,220.00	736,684.23	24,535.77	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,799,413.59	6,799,413.59	6,218,228.39	581,185.20	
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	52,000.00	52,000.00	42,550.00	9,450.00	
Group Insurance Plan for Employees	10,980.00	10,980.00	10,980.00		
State and Federal Programs Offset by Revenue:					
Body Armor Replacement Fund - 2016					
(N.J.S.A. 40A:4-87 + \$1,702.98)		1,702.98	1,702.98		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$25,274.56)		25,274.56	25,274.56		
Recycling Tonnage Grant	3,849.13	3,849.13	3,849.13		
Drunk Driving Enforcement Fund	5,163.08	5,163.08	5,163.08		
Alcohol Rehabilitation Education Fund - 2015					
(N.J.S.A. 40A:4-87 + \$1,027.33)		1,027.33	1,027.33		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS": (Cont'd)					
State and Federal Programs Offset by Revenue (Cont'd):					
Municipal Alliance Grant - Matching Funds	\$ 2,070.00	\$ 2,070.00	\$ 2,070.00		
Sustainable Jersey Grant	150.00	150.00	150.00		
Drive Sober or Get Pulled Over:					
2016 (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Bulletproof Vest Partnership Grant:					
2016 (N.J.S.A. 40A:4-87 + \$1,923.40)		1,923.40	1,923.40		
Total Operations Excluded from "CAPS"	274,212.21	309,140.48	299,690.48	\$ 9,450.00	
Detail:					
Other Expenses	274,212.21	309,140.48	299,690.48	9,450.00	
Capital Improvements - Excluded form "CAPS"					
Capital Improvement Fund	205,500.00	205,500.00	205,500.00		
Total Capital Improvements - Excluded from "CAPS"	205,500.00	205,500.00	205,500.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	793,250.00	793,250.00	793,250.00		
Payment of Bond Anticipation Notes and Capital Notes	180,400.00	180,400.00	180,400.00		
Interest on Bonds	192,984.20	192,984.20	192,984.20		
Interest on Notes	39,346.16	39,346.16	39,346.15		\$ 0.01
Total Municipal Debt Service - Excluded from "CAPS"	1,205,980.36	1,205,980.36	1,205,980.35		0.01

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges - Municipal - Excluded from "CAPS":					
Deferred Charges to Future Taxation:					
Ord #1-99; 16-02	\$ 6,048.86	\$ 6,048.86	\$ 6,048.86		
Ord #1-08	2,254.00	2,254.00	2,254.00		
Ord #3-09	475.00	475.00	475.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	8,777.86	8,777.86	8,777.86		
Total General Appropriations - Excluded from "CAPS"	\$ 1,694,470.43	\$ 1,729,398.70	\$ 1,719,948.69	\$ 9,450.00	\$ 0.01
Subtotal General Appropriations	8,493,884.02	8,528,812.29	7,938,177.08	590,635.20	0.01
Reserve for Uncollected Taxes	1,046,617.40	1,046,617.40	1,046,617.40		
Total General Appropriations	<u>\$ 9,540,501.42</u>	<u>\$ 9,575,429.69</u>	<u>\$ 8,984,794.48</u>	<u>\$ 590,635.20</u>	<u>\$ 0.01</u>

Ref.

A

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,540,501.42	
Added by N.J.S.A. 40A:4-87		34,928.27	
		<u>\$ 9,575,429.69</u>	
Cash Disbursed			\$ 8,224,095.71
Encumbrances Payable	A		138,651.86
Due to Other Trust Funds			3,671.69
Reserve for Uncollected Taxes			1,046,617.40
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			44,090.48
Local Matching Funds			2,070.00
			<u>9,459,197.14</u>
Less: Appropriation Refunds			<u>474,402.66</u>
			<u>\$ 8,984,794.48</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
TRUST FUNDS

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

	Ref.	December 31	
		2016	2015
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 8,402.00	\$ 7,349.60
Change Fund		20.00	20.00
Due from Current Fund	A	2,236.80	
		<u>10,658.80</u>	<u>7,369.60</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,020,601.11	711,267.66
Investments - Zero Coupon Bonds			26,889.25
Due from General Capital Fund	C		275,000.00
Municipal Alliance Grant Receivable:			
Due from County of Morris		18,560.00	19,510.80
Due from Other Municipalities		4,140.00	4,140.00
		<u>1,043,301.11</u>	<u>1,036,807.71</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,053,959.91</u>	<u>\$ 1,044,177.31</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Prepaid Municipal Licenses		\$ 1,254.00	
Due to State of New Jersey		166.80	\$ 16.80
Reserve for Animal Control Fund Expenditures	B-5	9,238.00	7,352.80
		<u>10,658.80</u>	<u>7,369.60</u>
Other Trust Funds:			
Due to Current Fund	A	9,403.51	14,920.79
Reserve for:			
Developers' Deposits		369,883.70	361,492.75
State Unemployment Insurance		6,483.91	34.32
Recreation		104,425.32	112,349.02
Parking Offenses Adjudication Act		388.93	386.93
Open Space Preservation		435,861.17	358,270.63
Trail Maintenance		260.75	260.75
Road Detail			69,058.27
Public Defender		18,004.90	18,209.90
Storm Recovery		10,012.54	12.54
Dodge Grant		490.05	490.05
Fishing Contest			442.76
Forfeited Assets		5,998.83	149.32
Municipal Alliance		26,510.40	27,666.55
Police Donations		12,766.87	6,931.92
TV Operations/Programs		31,399.63	63,131.21
Recreation Donations		9,500.00	3,000.00
Environmental Committee		595.00	
Accumulated Sick Leave		1,315.60	
		<u>1,043,301.11</u>	<u>1,036,807.71</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,053,959.91</u>	<u>\$ 1,044,177.31</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, 2016

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, 2016

NOT APPLICABLE

TOWNSHIP OF MENDHAM
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,473,656.63	\$ 133,218.73
Accounts Receivable:			
New Jersey Department of Transportation		255,000.00	65,000.00
Homeland Security Grant			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		8,582,301.99	9,732,406.95
Unfunded	C-4	5,241,925.42	5,425,527.86
<u>TOTAL ASSETS</u>		<u>\$ 15,720,032.16</u>	<u>\$ 15,554,801.66</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 4,320,000.00	\$ 3,935,000.00
Serial Bonds Payable	C-8	8,015,000.00	8,920,000.00
Green Acres Loan Payable	C-9	567,301.99	812,406.95
Improvement Authorizations:			
Funded	C-5	321,024.94	29,171.38
Unfunded	C-5	837,124.59	1,101,071.96
Due to Open Space Trust Fund	B		275,000.00
Capital Improvement Fund	C-6	17,247.65	7,247.65
Reserve for:			
Preliminary Expenses - Appraisals		35.00	35.00
Recreation Improvements		7,000.00	7,000.00
Future Recreation Commission Center Complex		9,000.00	9,000.00
Road Improvements		300.00	300.00
Municipal Facilities		190,000.00	190,000.00
Payment of Debt Service			232,682.73
Reserve for Pitney Property		1,422,500.00	
Fund Balance	C-1	13,497.99	35,885.99
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,720,032.16</u>	<u>\$ 15,554,801.66</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, 2015	C	\$ 35,885.99
Increased by:		
Premium on Bond Anticipation Notes		50,112.00
		<u>85,997.99</u>
Decreased by:		
Cancellation of Grants Receivable:		
Homeland Security Grant	\$ 31,500.00	
Appropriated to Finance Improvement Authorizations	<u>41,000.00</u>	
		<u>72,500.00</u>
Balance December 31, 2016	C	<u><u>\$ 13,497.99</u></u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
MENDHAM EAST SEWER UTILITY FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 50,591.30	\$ 55,445.75
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	4,766.32	9,619.13
Total Operating Fund		55,357.62	65,064.88
Capital Fund:			
Cash and Cash Equivalents	D-4	20,563.07	55,463.07
Fixed Capital	D-7	3,592,706.77	3,528,515.34
Fixed Capital Authorized & Uncompleted	D-8	2,500,000.00	50,000.00
Total Capital Fund		6,113,269.84	3,633,978.41
<u>TOTAL ASSETS</u>		<u>\$ 6,168,627.46</u>	<u>\$ 3,699,043.29</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 7,242.86	\$ 7,037.06
Encumbered	D-3;D-9	941.08	16,299.75
		8,183.94	23,336.81
Prepaid/Overpaid Sewer Rents		5,670.99	50.16
Accrued Interest on Bonds		11,726.06	4,098.81
		25,580.99	27,485.78
Reserve for Receivables	D	4,766.32	9,619.13
Fund Balance	D-1	25,010.31	27,959.97
Total Operating Fund		55,357.62	65,064.88
Capital Fund:			
Serial Bonds Payable	D-14	1,075,000.00	1,110,000.00
Improvement Authorizations:			
Unfunded	D-10	2,485,100.00	50,000.00
Capital Improvement Fund	D-11	35,143.00	5,143.00
Reserve for Amortization	D-12	2,517,706.77	2,418,515.34
Deferred Reserve for Amortization	D-13		50,000.00
Fund Balance	D-1A	320.07	320.07
Total Capital Fund		6,113,269.84	3,633,978.41
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,168,627.46</u>	<u>\$ 3,699,043.29</u>

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

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

		Year Ended December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 18,107.00	\$ 1,000.00
Rents		259,844.15	255,724.18
Rents Rate Increase		19,000.00	
Miscellaneous Revenue		1,643.51	1,202.45
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>6,751.68</u>	<u>9,671.74</u>
Total Income		<u>305,346.34</u>	<u>267,598.37</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		180,000.00	173,000.00
Capital Improvements		44,000.00	17,000.00
Debt Service		<u>66,189.00</u>	<u>55,949.42</u>
Total Expenditures		<u>290,189.00</u>	<u>245,949.42</u>
Excess in Revenue/Statutory Excess to Fund Balance		15,157.34	21,648.95
<u>Fund Balance</u>			
Balance January 1		<u>27,959.97</u>	<u>7,311.02</u>
		43,117.31	28,959.97
Decreased by:			
Utilized as Anticipated Revenue		<u>18,107.00</u>	<u>1,000.00</u>
Balance December 31	D	<u>\$ 25,010.31</u>	<u>\$ 27,959.97</u>

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, 2015	D	\$ 320.07
Balance December 31, 2016	D	\$ 320.07

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, 2016

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 18,107.00	\$ 18,107.00	
Rents	252,082.00	259,844.15	\$ 7,762.15
Rents Rate Increase	19,000.00	19,000.00	
Miscellaneous Revenue	1,000.00	1,643.51	643.51
	<u>\$ 290,189.00</u>	<u>\$ 298,594.66</u>	<u>\$ 8,405.66</u>

Analysis of Sewer Rents/ Rate Increase

Collections	\$ 278,793.99
Overpayments Applied	<u>50.16</u>
	<u>\$ 278,844.15</u>

Analysis of Miscellaneous Revenue

Interest on Sewer Rents	\$ 1,455.42
Interest on Deposits:	
Cash Received by Treasurer	<u>188.09</u>
	<u>\$ 1,643.51</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, 2016

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Other Expenses	\$ 180,000.00	\$ 180,000.00	\$ 175,660.59	\$ 4,339.41
Capital Improvements:				
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	
Capital Outlay	14,000.00	14,000.00	11,096.55	2,903.45
Debt Service:				
Payment of Bond Principal	35,000.00	35,000.00	35,000.00	
Interest on Bonds	31,189.00	31,189.00	31,189.00	
	<u>\$ 290,189.00</u>	<u>\$ 290,189.00</u>	<u>\$ 282,946.14</u>	<u>\$ 7,242.86</u>

Ref.

D

Cash Disbursed		\$ 274,377.81
Accrued Interest on Bonds		7,627.25
Encumbrances Payable	D	<u>941.08</u>
		<u>\$ 282,946.14</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
MENDHAM WEST SEWER UTILITY FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 23,861.01	\$ 14,771.48
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-5	2,408.41	1,579.96
Deferred Charges:			
Over-Expenditures of Appropriations	E-3		1,826.52
Operating Deficit	E-1		75.34
Total Operating Fund		<u>26,269.42</u>	<u>18,253.30</u>
Capital Fund:			
Fixed Capital	E-6	<u>2,063,483.55</u>	<u>2,062,573.32</u>
Total Capital Fund		<u>2,063,483.55</u>	<u>2,062,573.32</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,089,752.97</u>	<u>\$ 2,080,826.62</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-7	\$ 7,560.53	
Encumbered	E-3;E-7	410.11	\$ 8,961.73
		<u>7,970.64</u>	<u>8,961.73</u>
Prepaid/Overpaid Sewer Rents		5,546.11	833.80
Due to Current Fund	A	<u>6,068.45</u>	
		<u>19,585.20</u>	<u>9,795.53</u>
Reserve for Receivables	E	2,408.41	1,579.96
Fund Balance	E-1	<u>4,275.81</u>	<u>6,877.81</u>
Total Operating Fund		<u>26,269.42</u>	<u>18,253.30</u>
Capital Fund:			
Reserve for Amortization	E-8	<u>2,063,483.55</u>	<u>2,062,573.32</u>
Total Capital Fund		<u>2,063,483.55</u>	<u>2,062,573.32</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,089,752.97</u>	<u>\$ 2,080,826.62</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.	2016	2015
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 2,602.00	
Rents		107,899.78	\$ 102,951.16
Rents Rate Increase		12,800.00	
Miscellaneous Revenue		168.53	671.86
Deficit (General Budget)		3,931.55	14,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves			301.64
Total Income		127,401.86	117,924.66
<u>Expenditures</u>			
Budget Expenditures:			
Operating		118,500.00	112,300.00
Capital Outlay		7,000.00	5,700.00
Deferred Charges		1,901.86	
Total Expenditures		127,401.86	118,000.00
Excess/(Deficit) in Revenue			(75.34)
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		-0-	-0-
<u>Fund Balance</u>			
Balance January 1		6,877.81	6,877.81
		6,877.81	6,877.81
Decreased by:			
Utilized as Anticipated Revenue		2,602.00	
Balance December 31	E	\$ 4,275.81	\$ 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, 2016

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, 2016

	Budget Anticipated	Realized	Excess/ Deficit*
Operating Surplus Anticipated	\$ 2,602.00	\$ 2,602.00	
Sewer Rents	101,999.86	107,899.78	\$ 5,899.92
Rents Rate Increase	12,800.00	12,800.00	
Deficit (General Budget)	10,000.00	3,931.55	6,068.45 *
	<u>127,401.86</u>	<u>127,233.33</u>	<u>168.53 *</u>
Miscellaneous Revenue Not Anticipated		168.53	168.53
	<u>\$ 127,401.86</u>	<u>\$ 127,401.86</u>	<u>\$ -0-</u>

Analysis of Sewer Rents/ Rate Increase:

Collections	\$ 119,865.98
Prepaid/Overpaid Sewer Rents Applied	<u>833.80</u>
	<u>\$ 120,699.78</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, 2016

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Other Expenses	\$ 118,500.00	\$ 118,500.00	\$ 117,029.24	\$ 1,470.76
Capital Improvements:				
Capital Outlay	7,000.00	7,000.00	910.23	6,089.77
Deferred Charges:				
Deficit in Operations in Prior Year	75.34	75.34	75.34	
Over-Expenditures of Appropriations	1,826.52	1,826.52	1,826.52	
	<u>\$ 127,401.86</u>	<u>\$ 127,401.86</u>	<u>\$ 119,841.33</u>	<u>\$ 7,560.53</u>

Ref.

E

Cash Disbursed		\$ 117,529.36
Encumbrances	E	410.11
Deferred Charges		<u>1,901.86</u>
		<u>\$ 119,841.33</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

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

	December 31,	
	2016	2015
<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, 2016

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

The 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, investments would be generally stated at fair value; 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

C. Basis of Accounting (Cont'd)

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

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

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

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

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

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, 2016
(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, 2016
(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,		
	2016	2015	2014
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 12,902,301.99	\$ 13,667,406.95	\$ 15,153,682.37
Mendham East Sewer Utility:			
Bonds, Notes and Loans	1,075,000.00	1,110,000.00	1,102,538.36
Net Debt Issued	<u>13,977,301.99</u>	<u>14,777,406.95</u>	<u>16,256,220.73</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Open Space Trust Fund	435,861.17	358,270.63	496,332.76
Reserve to Pay Debt Service -			
General Capital Fund		232,682.73	57,682.73
	<u>13,541,440.82</u>	<u>14,186,453.59</u>	<u>15,702,205.24</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	921,925.42	1,490,527.86	481,318.96
Mendham East Sewer Utility:			
Bonds and Notes	2,500,000.00		
Total Authorized but Not Issued	<u>3,421,925.42</u>	<u>1,490,527.86</u>	<u>481,318.96</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 16,963,366.24</u>	<u>\$ 15,676,981.45</u>	<u>\$ 16,183,524.20</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 .685%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 6,495,000.00	\$ 6,495,000.00	
Regional High School District Debt	3,422,196.93	3,422,196.93	
Mendham East Sewer Utility Debt	3,575,000.00	3,575,000.00	
General Debt	13,824,227.41	435,861.17	\$ 13,388,366.24
	<u>\$ 27,316,424.34</u>	<u>\$ 13,928,058.10</u>	<u>\$ 13,388,366.24</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Net Debt: \$13,388,366.24 divided by Average Equalized Valuations of \$1,953,781,882 of Real Property = .685%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 68,382,365.87
Net Debt	<u>13,388,366.24</u>
Remaining Borrowing Power	<u><u>\$ 54,993,999.63</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	\$ 298,594.66
Deductions:	
Operating and Maintenance Costs	\$ 180,000.00
Debt Service	<u>66,189.00</u>
	<u>246,189.00</u>
Excess in Revenue	<u><u>\$ 52,405.66</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 Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior 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	<u>1,102,538.36</u>		<u>1,102,538.36</u>	
	<u>\$ 16,256,220.73</u>	<u>\$ 11,500,000.00</u>	<u>\$ 12,978,813.78</u>	<u>\$ 14,777,406.95</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Serial Bonds:				
General Capital Fund	\$ 8,061,000.00		\$ 793,250.00	\$ 7,267,750.00
Open Space Trust Fund	859,000.00		111,750.00	747,250.00
Sewer East Capital Fund	1,110,000.00		35,000.00	1,075,000.00
Bond Anticipation Notes:				
General Capital Fund	3,935,000.00	\$ 4,320,000.00	3,935,000.00	4,320,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	812,406.95		245,104.96	567,301.99
	<u>\$ 14,777,406.95</u>	<u>\$ 4,320,000.00</u>	<u>\$ 5,120,104.96</u>	<u>\$ 13,977,301.99</u>

The Township's debt issued and outstanding on December 31, 2016 is described as follows:

General Capital Serial Bonds

Description	Final Maturity	Rate	Amount
General Improvements	02/01/18	3.00-3.125%	\$ 1,601,000.00
2015 Refunding Bonds	09/01/24	2.00-4.00%	5,666,750.00
			<u>\$ 7,267,750.00</u>

Open Space Serial Bonds

Description	Final Maturity	Rate	Amount
Open Space	02/01/18	3.00-3.125%	\$ 84,000.00
2015 Refunding Bonds	09/01/24	2.00-4.00%	663,250.00
			<u>\$ 747,250.00</u>

General Capital Green Acres Loans Payable

Description	Final Maturity	Rate	Amount
Acquisition of Buttermilk Falls Property	03/06/17	2.00%	\$ 15,488.64
Acquisition of Buttermilk Falls Property	07/21/17	2.00%	148,880.73
Acquisition of Seeying Eye Property	01/24/22	2.00%	241,759.58
Acquisition of Tompkins Property	01/24/22	2.00%	161,173.04
			<u>\$ 567,301.99</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

General Capital Bond Anticipation Notes Payable

Description	Final Maturity	Rate	Amount
Various Capital Improvements	05/16/17	2.00%	<u>\$ 4,320,000.00</u>

Mendham East - Sewer Utility Serial Bonds

Description	Final Maturity	Rate	Amount
2015 Refunding Bonds	09/01/43	2.00-4.00%	<u>\$ 1,075,000.00</u>

Total Debt Issued and Outstanding	Total Debt Issued and Outstanding	<u>\$ 13,977,301.99</u>
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Schedule of Annual Debt Service for Principal and Interest for the Next Five
Years and Thereafter for Bonded Debt Issued and Outstanding

Calendar Year	General Capital*		Mendham East Sewer Utility Capital		Total
	Principal	Interest	Principal	Interest	
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	1,030,000.00	159,900.00	30,000.00	32,681.26	1,252,581.26
2022-2026	3,225,000.00	259,800.00	160,000.00	147,012.54	3,791,812.54
2027-2031			190,000.00	118,562.54	308,562.54
2032-2036			215,000.00	86,975.04	301,975.04
2037-2041			260,000.00	47,762.50	307,762.50
2042-2043			115,000.00	6,125.00	121,125.00
Total	<u>\$8,015,000.00</u>	<u>\$1,292,146.89</u>	<u>\$1,075,000.00</u>	<u>\$ 576,443.92</u>	<u>\$ 10,958,590.81</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, 2016
(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.

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	
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	75,820.21	1,908.78	77,728.99
2022	38,479.69	384.80	38,864.49
Total	\$ 567,301.99	\$ 26,968.61	\$ 594,270.60

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 \$5,215,686 at June 30, 2016. 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 \$8,081,833 at June 30, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2016 which was included in the Current Fund and the Sewer Utility Operating Funds' adopted budgets for the year ending December 31, 2017 is as follows:

Current Fund	\$ 804,860.44
Mendham East Sewer Utility Fund	13,004.00
Mendham West Sewer Utility Fund	5,964.00

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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/annrprts.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

Service retirement benefits of 1/55th 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 1/60th 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 with 25 or more years of service credit before age 62 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 \$146,800 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$5,215,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Township's proportion was 0.018%, which was an increase of 0.001% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$146,800.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

	<u>June 30, 2016</u>		
	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
Township's proportionate share of the Net Pension Liability	\$ 6,391,215	\$ 5,215,686	\$ 4,245,185

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(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.

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, 2016
(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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed 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. The June 30, 2016 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 State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$326,377 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$26,005 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$86,683.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability for its proportionate share of the net pension liability was \$8,081,833. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Township's proportion was 0.042%, which was an increase of 0.002% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$678,674 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2016, the State's proportion was 0.042%, which was an increase of 0.002% from its proportion measured as of June 30, 2015 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 8,081,833
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>678,674</u>
Total Net Pension Liability	<u>\$ 8,760,507</u>

For the year ended December 31, 2016, the Township recognized total pension expense of \$326,377.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales.

Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS (Cont'd)

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 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2016 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, 2016		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.55%)	(5.55%)	(6.55%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 11,296,031	\$ 8,760,507	\$ 6,692,939

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$2,038.15 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$3,051.96 for the year ended December 31, 2016.

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 \$145,650 at December 31, 2016. 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. This amount is partially reserved in the Reserve for Accumulated Sick Leave of \$1,315.60 reflected on the Other Trust Funds' balance sheet as of December 31, 2016.

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>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	\$ 2.065	\$ 2.027	\$ 1.981
<u>Apportionment of Tax Rate</u>			
Municipal	0.420	0.390	0.381
County	0.265	0.263	0.259
Local School	0.830	0.830	0.817
Regional High School	0.550	0.544	0.524
<u>Assessed Valuations</u>			
2016	<u>\$ 1,874,558,760</u>		
2015		<u>\$ 1,876,739,393</u>	
2014			<u>\$ 1,878,805,350</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 7: Selected Tax Information (Cont'd)

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>
2016	\$ 38,856,390.00	\$ 38,517,601.21	99.12%
2015	38,096,083.13	37,809,817.10	99.24%
2014	37,300,192.65	36,983,045.92	99.15%

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

Note 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 on the following pages.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

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.

TOWNSHIP OF MENDHAM
 NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (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 Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Investments (Cont'd)

- (c) the maturity of the agreement is not more than 30 days;
- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, cash and cash equivalents of the Township consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 320.00	\$ 2,283,814.29	\$ 2,284,134.29
Animal Control	20.00	8,402.00	8,422.00
Other Trust		1,020,601.11	1,020,601.11
General Capital		1,473,656.63	1,473,656.63
Sewer Utility:			
Operating - East		50,591.30	50,591.30
Capital - East		20,563.07	20,563.07
Operating - West		23,861.01	23,861.01
	<u>\$ 340.00</u>	<u>\$ 4,881,489.41</u>	<u>\$ 4,881,829.41</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2016, was \$4,881,829.41 and the bank balance was \$4,868,192.70.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

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

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

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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Risk Management (Cont'd)

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

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

The December 31, 2016 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2015 is as follows:

Total Assets	\$ 24,775,454
Net Position	\$ 8,631,831
Total Revenue	\$ 17,370,144
Total Expenses	\$ 17,918,337
Change in Net Position	\$ (548,193)
Members Dividends	\$ -0-

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

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 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:

Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2016	\$ 10,000.00	\$ 6,388.89	\$ 12.70	\$ 9,952.00	\$ 6,483.91
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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current	\$ 15,471.96	\$ 57,503.43
Federal and State Grant	55,266.63	
Animal Control	2,236.80	
Other Trust		9,403.51
Sewer Utility Operating - Mendham West		6,068.45
	<u>\$ 72,975.39</u>	<u>\$ 72,975.39</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 receivable in the Animal Control Fund is funds turned over to the Current Fund in error. The interfund payable in the Other Trust Funds represents a prior year interfund related to the Reserve for Developers' Deposits, offset by the 2016 added open space taxes due from the Current Fund. The interfund payable in the Mendham West Sewer Utility Operating Fund is an interfund advanced from the Current Fund.

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. The 2016 Open Space tax rate is \$0.023. As of December 31, 2016, the balance in the Open Space Trust Fund was \$435,861.17.

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, 2016 in the amount of \$75,000.00 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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.

Note 15: Fixed Assets (Unaudited)

The following is a summarization of general fixed assets for the years ended December 31, 2015 and 2016:

	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>
	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
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, 2016

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Frank Cioppettini, Jr.	Mayor		
Diana Orban Brown	Deputy Mayor		
Chris Baumann	Committee Member		
Maribeth Thomas	Committee Member		
Samuel K. Tolley	Committee Member		
Debbie Bonanno	Township Administrator	**	**
Karen Fornaro	Chief Financial Officer	**	**
Rebecca Roth	Tax Collector, Utility Collector and Tax Search Officer	**	**
Mary Beth Zichelli	Township Clerk, 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	**	**
Sarah Henderson	Court Administrator/Violations Clerk	**	**
Susan Piscitello	Deputy Court Administrator	**	**
Russ Heiney	Construction Code Official	**	**
Sal Marino	Fire Official	**	**
Scott Holzhauer	Township Tax Assessor	**	**
Paul Ferriero & John Hansen	Township Engineers	**	**
Steve Crawford	Police Chief	**	**
Peter Dwyer & Tom Montgomery	Fire Chiefs	**	**
Peter Wright	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
2016
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2015	<u>Ref.</u> A	\$ 1,641,720.06
Increased by Receipts:		
Tax Collector	\$ 38,827,079.15	
Revenue Accounts Receivable	1,020,117.06	
Interest on Investments	9,489.52	
Miscellaneous Revenue Not Anticipated	160,237.99	
Due Federal and State Grant Fund:		
Grant Receivable	53,940.48	
Due Animal Control Fund:		
Interfund Advanced	2,236.80	
Due Other Trust Funds:		
Prior Year Interfunds Returned:		
Developers' Escrow	1,131.04	
Due to the State of New Jersey:		
Marriage License Fees	325.00	
DCA Training Fees	13,656.00	
Veterans and Senior Citizens' Deductions	24,509.59	
Tax Sale Premium		
Appropriation Refunds	474,402.66	
		<u>40,587,125.29</u>
		42,228,845.35
Decreased by Disbursements:		
2016 Appropriation Expenditures	8,224,095.71	
2015 Appropriation Reserves	212,940.11	
Regional High School Taxes	10,321,103.00	
Local School Taxes	15,548,343.00	
County Taxes	4,953,461.87	
Due Other Trust Funds:		
Open Space Trust Fund:		
Prior Year Interfunds Returned	594.72	
Open Space Tax Levy	431,650.00	
Due Mendham West Sewer Utility Operating Fund:		
Interfund Advanced	6,068.45	
Tax Overpayments	54,047.76	
Due to the State of New Jersey:		
Marriage License Fees	400.00	
DCA Training Fees	12,766.00	
Third Party Tax Title Liens	27,179.74	
Tax Sale Premiums	44,100.00	
Reserve for Pending Tax Appeals	58,846.34	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	49,434.36	
		<u>39,945,031.06</u>
Balance December 31, 2016	A	<u>\$ 2,283,814.29</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Taxes Receivable	\$ 38,492,178.15
2017 Prepaid Taxes	182,356.16
Tax Title Lien Redemptions	1,270.14
Interest and Costs on Taxes	65,789.38
Tax Overpayments	57,781.28
Third Party Tax Liens	27,179.74
Other Miscellaneous	524.30
	<u>38,827,079.15</u>

Decreased by:

Paid to Treasurer	<u>\$ 38,827,079.15</u>
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TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

Year	Balance Dec. 31, 2015	2016 Levy	Collections		Overpayments Applied	NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2016
			2015	2016					
2015	\$ 225,472.17			\$ 225,713.40		\$ (250.00)			\$ 8.77
2016		\$ 38,856,390.00	\$ 226,792.77	38,266,464.75	\$ 343.69	24,000.00	\$ 56,838.01	\$ 4,540.94	277,409.84
	<u>\$ 225,472.17</u>	<u>\$ 38,856,390.00</u>	<u>\$ 226,792.77</u>	<u>\$38,492,178.15</u>	<u>\$ 343.69</u>	<u>\$ 23,750.00</u>	<u>\$ 56,838.01</u>	<u>\$ 4,540.94</u>	<u>\$ 277,418.61</u>
Ref.	A				\$ -0-	Prior Year Overpayments Applied			A
					343.69	Reserve for Tax Appeals			
					<u>\$ 343.69</u>				

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 38,709,643.64
Added, Omitted & Rollback Taxes	<u>146,746.36</u>
	<u>\$38,856,390.00</u>

Tax Levy:

Local School District Taxes	\$15,548,343.00
Regional High School District Taxes	10,321,103.00
County Taxes	\$ 4,946,377.59
Due County for Added and Omitted Taxes	<u>18,915.84</u>
	4,965,293.43

Due Other Trust Funds:

Local Tax for Open Space	431,650.00
Additional Taxes Levied	<u>1,637.63</u>
	433,287.63
	<u>31,268,027.06</u>

Local Tax for Municipal Purposes Levied	7,455,480.21
Additional Taxes Levied	<u>132,882.73</u>
	7,588,362.94
	<u>\$38,856,390.00</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 48,037.46
Increased by:		
Transfer from Taxes Receivable		<u>4,540.94</u>
		52,578.40
Decreased by:		
Tax Title Lien Redemptions		<u>1,270.14</u>
Balance December 31, 2016	A	<u><u>\$ 51,308.26</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued	Collected	Balance Dec. 31, 2016
Licenses:				
Alcoholic Beverage Licenses		\$ 2,680.00	\$ 2,680.00	
Fees and Permits		80,330.74	80,330.74	
Municipal Court:				
Fines and Costs	\$ 8,417.08	84,762.10	83,038.25	\$ 10,140.93
Energy Tax Receipts		459,000.00	459,000.00	
Watershed Aid		28,059.00	28,059.00	
Uniform Construction Code Fees		194,345.00	194,345.00	
Uniform Fire Safety Act		1,562.93	1,562.93	
Rents on Municipal Properties		61,521.28	61,521.28	
Annual CATV Gross Receipts		101,897.13	101,897.13	
Reserve to Pay Debt Service		7,682.73	7,682.73	
	<u>\$ 8,417.08</u>	<u>\$ 1,021,840.91</u>	<u>\$ 1,020,117.06</u>	<u>\$ 10,140.93</u>
<u>Ref.</u>	A			A

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

	Balance Dec. 31, 2015	Budget Revenue Realized	Cash Received	Balance Cancelled	Balance Dec. 31, 2016
Clean Communities Grant - 2016		\$ 25,274.56	\$ 25,274.56		
Body Armor Replacement Fund - 2016		1,702.98	1,702.98		
Bulletproof Vest Partnership - 2016		1,923.40	1,923.40		
Alcohol Education Rehabilitation Fund - 2016		1,027.33	1,027.33		
Recycling Tonnage Grant - 2016		3,849.13	3,849.13		
Drunk Driving Enforcement Fund Grant - 2016		5,163.08	5,163.08		
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
2015	\$ 1,119.16			\$ 1,119.16	
2016		5,000.00	5,000.00		
NJ Highlands Water Protection & Planning Council:					
Initial Assessment Grant	4,411.79				\$ 4,411.79
New Jersey Sustainable Energy:					
2015	9,850.00	150.00	10,000.00		
	<u>\$ 15,380.95</u>	<u>\$ 44,090.48</u>	<u>\$ 53,940.48</u>	<u>\$ 1,119.16</u>	<u>\$ 4,411.79</u>
	A				A
Federal Grants			\$ 6,923.40		
State Grants			37,017.08		
Local Grants			10,000.00		
			<u>\$ 53,940.48</u>		

Ref.

A

A

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
General Administration:				
Other Expenses	\$ 10,052.97	\$ 12,052.97	\$ 11,932.79	\$ 120.18
Mayor and Council:				
Salaries & Wages	41.65	41.65		41.65
Other Expenses	647.07	647.07	622.71	24.36
Municipal Clerk:				
Salaries & Wages	105.43	105.43		105.43
Other Expenses	9.95	9.95		9.95
Financial Administration:				
Other Expenses	8,882.89	13,882.89	12,495.00	1,387.89
Management Information Services:				
Other Expenses	2,647.00	2,647.00	1,268.56	1,378.44
Revenue Administration (Tax Collection):				
Salaries & Wages	64.13	64.13		64.13
Other Expenses	2,110.12	2,110.12		2,110.12
Tax Assessment Administration:				
Salaries & Wages	951.35	951.35		951.35
Other Expenses	1,541.48	1,916.48	1,879.39	37.09
Legal Services and Costs:				
Other Expenses - General	4,338.61	6,338.61	5,091.89	1,246.72
Other Expenses - Labor/Personnel	412.08	11.08		11.08
Other Expenses - Tax Appeals	287.77	688.77	688.00	0.77
Engineering Services and Costs:				
Other Expenses	7,960.64	7,960.64	2,738.50	5,222.14
Environmental Commission:				
Other Expenses	15.00	15.00		15.00
Historical Preservation:				
Other Expenses	355.94	555.94	500.00	55.94
Municipal Land Use Law:				
Planning Board:				
Salaries & Wages	75.00	75.00		75.00
Other Expenses	4,132.55	4,132.55	3,040.00	1,092.55
Board of Adjustment:				
Other Expenses	1,651.25	1,651.25	618.75	1,032.50
General Liability Insurance	150.53	19,150.53	18,948.93	201.60
Group Insurance Plan for Employees	49,008.23	18,263.23		18,263.23
Police:				
Salaries & Wages	23,212.27	23,212.27	22,157.02	1,055.25
Other Expenses	16,289.78	16,289.78	15,604.73	685.05

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Contractual Radio Dispatch	\$ 686.04	\$ 686.04		\$ 686.04
Municipal Court:				
Salaries & Wages	4,674.72	4,674.72		4,674.72
Other Expenses	1,851.15	1,851.15	\$ 39.24	1,811.91
Emergency Management Services:				
Other Expenses	500.00	500.00	47.78	452.22
Aid to Volunteer Fire Company	1,346.33	1,846.33	1,750.09	96.24
Fire:				
Salaries & Wages	405.39	405.39		405.39
Other Expenses	340.00	340.00	70.73	269.27
Fire Hydrant Services	6,884.47	6,884.47	6,341.84	542.63
Fire Cistern Maintenance	2,000.00	2,000.00		2,000.00
Municipal Prosecutor:				
Other Expenses	220.20	220.20		220.20
Street and Road Repairs and Maintenance:				
Salaries & Wages	22,794.79	22,794.79	15,100.12	7,694.67
Other Expenses	27,660.88	27,660.88	23,818.07	3,842.81
Snow Removal:				
Other Expenses	18,094.64	18,094.64	9,374.75	8,719.89
Sanitation - Trash Removal:				
Other Expenses	7,561.69	7,561.69	7,256.75	304.94
Public Building and Grounds:				
Other Expenses	8,924.16	9,424.16	9,151.20	272.96
Board of Health:				
Salaries & Wages	68.56	68.56		68.56
Other Expenses	612.85	612.85	535.41	77.44
Health Services Contract	239.58	239.58		239.58
Animal Control:				
Other Expenses	916.00	916.00	320.00	596.00
Senior Citizen Programs:				
Other Expenses	4,773.98	4,773.98	1,447.46	3,326.52
Board of Recreation Commissioners:				
Salaries & Wages	4,606.39	4,606.39	1,076.80	3,529.59
Maintenance of Parks:				
Other Expenses	931.70	931.70	931.70	
Construction Code Official:				
Other Expenses	620.11	1,320.11	1,271.34	48.77
Other Code Enforcement:				
Salaries & Wages	1,317.67	1,317.67		1,317.67

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Unclassified:				
Reserve for Sick Leave Benefits	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	
Utilities	51,860.34	51,860.34	24,318.19	\$ 27,542.15
Contingent	2,000.00	2,000.00		2,000.00
Contributions to:				
Social Security System (O.A.S.I.)	17,984.24	17,984.24	3,730.25	14,253.99
Defined Contribution Retirement System	69.54	539.54	522.12	17.42
Length of Service Award Program	14,000.00	14,000.00	5,750.00	8,250.00
	<u>\$ 343,889.11</u>	<u>\$ 343,889.11</u>	<u>\$ 215,440.11</u>	<u>\$ 128,449.00</u>
<u>Balance December 31, 2015:</u>	<u>Ref.</u>			
Unencumbered	A \$ 268,902.82			
Encumbered	A <u>74,986.29</u>			
	<u>\$ 343,889.11</u>			
			\$ 212,940.11	
Cash Disbursed			2,500.00	
Accounts Payable			<u>\$ 212,940.11</u>	

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Ref.

Increased by:

Levy - Calendar Year 2016

\$ 15,548,343.00

Decreased by:

Payments to Local School District

\$ 15,548,343.00

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Ref.

Increased by:

Levy - Calendar Year 2016

\$ 10,321,103.00

Decreased by:

Payments to Regional School District

\$ 10,321,103.00

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

	Balance Dec. 31, 2015	Transferred from Budget Appropriations	Expended	Balance Cancelled	Balance Dec. 31, 2016
Clean Communities Grant:					
2015	\$ 8,772.31		\$ 8,772.31		
2016		\$ 25,274.56	4,311.68		\$ 20,962.88
Recycling Tonnage Grant:					
2014	4,898.40		500.00		4,398.40
2015	4,035.90				4,035.90
2016		3,849.13			3,849.13
Body Armor Replacement Fund:					
2014	791.83		791.83		
2015	1,762.91		971.08		791.83
2016		1,702.98			1,702.98
Alcohol Education and Rehabilitation Fund:					
2011	753.96		753.96		
2012	1,834.74		246.04		1,588.70
2013	858.10				858.10
2014	2,835.85				2,835.85
2015	1,355.46				1,355.46
2016		1,027.33			1,027.33
Drunk Driving Enforcement Grant:					
2013	2,534.13		2,534.13		
2014	7,024.08		7,024.08		
2016		5,163.08	960.85		4,202.23
Federal Emergency Management Agency	9,610.00				9,610.00

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Transferred from</u> <u>Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Balance</u> <u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
2015	\$ 1,119.16			\$ 1,119.16	
2016		\$ 5,000.00	\$ 5,000.00		
Municipal Alliance - Matching Funds:					
2016		2,070.00	1,995.00		\$ 75.00
New Jersey Sustainable Energy:					
2013	3,800.00		3,800.00		
2015	9,850.00	150.00	9,850.00		150.00
Bulletproof Vest Partnership:					
2012	497.65		497.65		
2013	843.13		843.13		
2015	893.85		582.62		311.23
2016		1,923.40			1,923.40
	<u>\$ 64,071.46</u>	<u>\$ 46,160.48</u>	<u>\$ 49,434.36</u>	<u>\$ 1,119.16</u>	<u>\$ 59,678.42</u>
<u>Ref.</u>	A				A
Federal Grants		\$ 6,923.40	\$ 6,923.40		
State Grants		37,017.08	26,865.96		
Local Grants/Local Match		2,220.00	15,645.00		
		<u>\$ 46,160.48</u>	<u>\$ 49,434.36</u>		

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
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, 2015	B	\$ 7,349.60	\$ 711,267.66
Increased by Receipts:			
Township Dog License Fees		\$ 3,803.60	
Penalties on Dog License Fees		150.00	
Cat License Fees		324.00	
State Dog License Fees		647.40	
Prepaid Municipal Licenses:			
Dog License Fees		1,242.00	
Cat License Fees		12.00	
Due Current Fund:			
Interest Earned			\$ 328.36
Prior Year Interfund Returned			594.72
Due from General Capital Fund:			
Prior Year Interfund Returned			275,000.00
Reserve for:			
Developers' Deposits			167,507.71
State Unemployment Insurance			16,401.59
Recreation			58,243.75
Parking Offenses Adjudication Act			2.00
Open Space Trust Fund:			
Open Space Tax Levy			431,650.00
Interest Earned			284.01
Zero Coupon Bonds Matured			26,889.25
Green Acres Grant			187,800.00
Road Detail			170,471.06
Public Defender			11,145.00
Storm Recovery			10,012.54
Forfeited Assets			7,188.99
Municipal Alliance			23,812.35
Police Donations			28,000.00
TV Operations/Programs			14,180.85
Recreation Donations			6,500.00
Environmental Committee			825.00
Accumulated Sick Leave			5,000.00
		<u>6,179.00</u>	<u>1,441,837.18</u>
		13,528.60	2,153,104.84

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	\$	1,972.00	
Due to State of New Jersey		497.40	
Due Current Fund:			
Prior Year Interfund Returned			\$ 1,131.04
Interfund Advanced		2,236.80	
Statutory Excess in Reserve for Animal Control Expenditures		420.40	
Payment on Behalf of Current Fund			3,671.69
Reserve for:			
Developers' Deposits Refunds			159,116.76
State Unemployment Insurance			9,952.00
Recreation			66,167.45
Open Space Trust Fund			543,781.10
Road Detail			239,529.33
Public Defender			11,350.00
Storm Recovery			12.54
Fishing Contest			442.76
Forfeited Assets			1,339.48
Municipal Alliance			24,017.70
Police Donations			22,165.05
TV Operations/Programs			45,912.43
Environmental Committee			230.00
Accumulated Sick Leave			3,684.40
		<u>\$ 5,126.60</u>	<u>\$ 1,132,503.73</u>
Balance December 31, 2016	B	<u>\$ 8,402.00</u>	<u>\$ 1,020,601.11</u>

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

	<u>Ref.</u>		
Balance December 31, 2015	B	\$	7,352.80
Increased by:			
Dog License Fees		\$	3,803.60
Penalties			150.00
Cat License Fees			324.00
			<u>4,277.60</u>
			11,630.40
Decreased by:			
Expenditures Under R.S. 4:19-15.11			1,972.00
Statutory Excess Turned Over to Current Fund			420.40
			<u>2,392.40</u>
Balance December 31, 2016	B	\$	<u><u>9,238.00</u></u>

<u>License Fees Collected</u>			
2014		\$	4,568.80
2015			4,669.20
			<u>9,238.00</u>
Maximum Allowable Reserve		\$	<u><u>9,238.00</u></u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 133,218.73
Increased by:		
Due from/to Current Fund:		
Budget Appropriations:		
Capital Improvement Fund	\$ 205,500.00	
Deferred Charges to Future Taxation	8,777.86	
Premium on Bond Anticipation Notes	50,112.00	
NJ Department of Transportation Grant	55,000.00	
Bond Anticipation Notes Issued	934,824.58	
Reserve for Pitney Property	1,422,500.00	
		<u>2,676,714.44</u>
		2,809,933.17
Decreased by:		
Due to Current Fund:		
Anticipated Revenue:		
Reserve for Payment of Debt Service	7,682.73	
Due to Other Trust:		
Prior Year Interfund Returned	275,000.00	
Reserve for Payment of Debt Service	225,000.00	
Improvement Authorization Expenditures	828,593.81	
		<u>1,336,276.54</u>
Balance December 31, 2016	C	<u>\$ 1,473,656.63</u>

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2015	Receipts			Disbursements			Balance (Deficit) Dec. 31, 2016	
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		
							From		To
Capital Fund Balance	\$ 35,885.99			\$ 50,112.00			\$ 72,500.00	\$ 13,497.99	
Capital Improvement Fund	7,247.65		\$ 205,500.00				195,500.00	17,247.65	
Reserve for:									
Preliminary Expenses - Appraisals	35.00							35.00	
Payment of Debt Service	232,682.73					\$ 232,682.73			
Recreation Improvements	7,000.00							7,000.00	
Road Maintenance Fund	300.00							300.00	
Municipal Facility	190,000.00							190,000.00	
Recreation Center	9,000.00							9,000.00	
Pitney Property				1,422,500.00				1,422,500.00	
Homeland Security Grants Receivable	(31,500.00)							\$ 31,500.00	
New Jersey Department of:									
Transportation Grants Receivable	(65,000.00)			55,000.00			245,000.00	(255,000.00)	
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 Open Space Trust Fund	275,000.00					275,000.00			
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	
01-08	Various Improvements	(2,254.00)		2,254.00					
03-08	Acquisition of Property - 22 St. Johns Drive	(110,000.00)	\$ 110,000.00						
03-09	Various Improvements	(475.00)		475.00					
02-11	Various Capital Improvements	6,151.68			\$ 1,128.14			5,023.54	
06-12; 02-13	Various Capital Improvements	55,908.25			11,387.80			44,520.45	
04-13; 11-13	Various Capital Improvements	111,005.37			104,032.79			6,972.58	
03-14	Various Capital Improvements	44,712.89			17,231.57			27,481.32	

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2015	Receipts			Disbursements			Balance (Deficit) Dec. 31, 2016	
			Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		
								From		To
02-15	Supplemental East Main Street Drainage	\$ (75,000.00)							\$ (75,000.00)	
03-15	Milling and Paving of Corey Lane	26,307.72				\$ 6,156.52			20,151.20	
09-15	Various Capital Improvements	(413,456.23)	\$ 824,824.58			290,014.27			121,354.08	
02-16	Various Capital Improvements							\$ 16,000.00	16,000.00	
10-16	Various Capital Improvements					162,989.92		175,000.00	12,010.08	
11-16	Various Capital Improvements					235,652.80		20,500.00	(215,152.80)	
12-16	Cold Hill Road Resurfacing Project							270,000.00	270,000.00	
		\$ 133,218.73	\$ 934,824.58	\$ 214,277.86	\$ 1,527,612.00	\$ 828,593.81	\$ 507,682.73	\$ 513,000.00	\$ 513,000.00	\$ 1,473,656.63

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Improvement Authorizations	Notes Paid By Budget Appropriation	Funded by Budget Appropriation	Notes Paid by Reserve for Open Space Trust Fund	Notes Paid by Reserve to Pay Debt Service	Balance Dec. 31, 2016	Analysis of Balance December 31, 2016		
									Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
01-99;											
16-02	Various Capital Improvements	\$ 6,048.86			\$ 6,048.86						
01-08	Various Capital Improvements	87,120.42		\$ 28,000.00	2,254.00			\$ 56,866.42		\$ 56,866.42	
03-08	Acquire Property - 22 St. Johns Drive	667,882.42				\$ 140,000.00		527,882.42		527,882.42	
03-09	Various Improvements	139,970.69		20,000.00	475.00			119,495.69		119,495.69	
08-09	Improve Land/Facilities/Acquire Equip.	81,687.48		10,000.00				71,687.48		71,687.48	
13-09	Various Capital Improvements	153,103.97		25,000.00				128,103.97		128,103.97	
15-09	Various Capital Improvements	252,270.79		15,000.00				237,270.79		237,270.79	
20-09	Various Capital Improvements	229,424.58				4,424.58	\$ 225,000.00				
01-10	Various Equipment	322,096.19		21,000.00				301,096.19		301,096.19	
07-10	Various Capital Improvements	26,716.46		1,400.00				25,316.46		25,316.46	
02-11	Various Capital Improvements	228,690.00		10,000.00				218,690.00		218,690.00	
03-12;											
06-12;											
02-13	Various Capital Improvements	736,866.00		20,000.00				716,866.00		716,866.00	
04-13;											
11-13	Various Capital Improvements	748,650.00		30,000.00				718,650.00		718,650.00	
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										
09-15	Various Capital Improvements	950,000.00						950,000.00		824,824.58	125,175.42
11-16	Various Capital Improvements		\$ 375,000.00					375,000.00	215,152.80		159,847.20
		<u>\$ 5,425,527.86</u>	<u>\$ 375,000.00</u>	<u>\$ 180,400.00</u>	<u>\$ 8,777.86</u>	<u>\$ 144,424.58</u>	<u>\$ 225,000.00</u>	<u>\$ 5,241,925.42</u>	<u>\$ 290,152.80</u>	<u>\$4,320,000.00</u>	<u>\$ 631,772.62</u>

Ref.

C

C

Improvement Authorizations - Unfunded

\$ 837,124.59

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #02-11 (Various Improvements)	\$ 5,023.54
Ordinance #03-12 (Various Improvements)	44,520.45
Ordinance #04-13 (Various Improvements)	6,972.58
Ordinance #03-14 (Various Improvements)	27,481.32
Ordinance #09-15 (Various Improvements)	121,354.08

205,351.97

\$ 631,772.62

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015		2016 Authorizations		Paid or Charged	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded	Other Sources	Deferred Charges to Future Taxation - Unfunded		Funded	Unfunded
06-07	Environmental Commission	03/16/07	22,000.00	\$ 2,863.66					\$ 2,863.66	
02-11	Various Capital Improvements	03/29/11	448,900.00		\$ 6,151.68			\$ 1,128.14		\$ 5,023.54
03-12; 06-12; 02-13		04/24/12; 07/24/12; 02/11/13;								
08-13	Various Capital Improvements	08/27/13	1,084,000.00		55,908.25			11,387.80		44,520.45
04-13; 11-13	Various Capital Improvements	04/23/13	1,246,620.00		111,005.37			104,032.79		6,972.58
03-14	Various Capital Improvements	04/14/14	837,000.00		391,462.89			17,231.57		374,231.32
03-15	Milling and Paving of Corey Lane	05/11/15	290,000.00	26,307.72				6,156.52	20,151.20	
09-15	Various Capital Improvements	08/25/15	1,004,000.00		536,543.77			290,014.27		246,529.50
02-16	Various Capital Improvements	02/01/16	16,000.00			\$ 16,000.00			16,000.00	
10-16	Various Capital Improvements	06/28/16	175,000.00			175,000.00		162,989.92	12,010.08	
11-16	Various Capital Improvements	07/26/16	395,500.00			20,500.00	\$ 375,000.00	235,652.80		159,847.20
12-16	Cold Hill Road Resurfacing Project	07/12/16	270,000.00			270,000.00			270,000.00	
				<u>\$ 29,171.38</u>	<u>\$1,101,071.96</u>	<u>\$ 481,500.00</u>	<u>\$ 375,000.00</u>	<u>\$ 828,593.81</u>	<u>\$ 321,024.94</u>	<u>\$ 837,124.59</u>
				Ref.	C	C			C	C
Capital Improvement Fund						\$ 195,500.00				
Capital Fund Balance						41,000.00				
New Jersey Department of Transportation Grant						245,000.00				
						<u>\$ 481,500.00</u>				

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 7,247.65
Increased by:		
2016 Budget Appropriation		205,500.00
		<u>212,747.65</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		195,500.00
		<u>195,500.00</u>
Balance December 31, 2016	C	\$ <u>17,247.65</u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Original Issue	Issue	Maturity					
01-08	Various Capital Improvements	05/29/08	05/20/15	05/20/16	1.25%	\$ 84,866.42		\$ 84,866.42	
			05/19/16	05/16/17	2.00%		\$ 56,866.42		\$ 56,866.42
03-08	Acquisition of Property - 22 St. Johns Drive	05/29/08	05/20/15	05/20/16	1.25%	557,882.42		557,882.42	
			05/19/16	05/16/17	2.00%		417,882.42		417,882.42
			05/19/16	05/16/17	2.00%		110,000.00		110,000.00
03-09	Various Capital Improvements	05/28/09	05/20/15	05/20/16	1.25%	139,495.69		139,495.69	
			05/19/16	05/16/17	2.00%		119,495.69		119,495.69
08-09	Improvement of Land and Facilities and Acquisition of Equipment	05/28/09	05/20/15	05/20/16	1.25%	81,687.48		81,687.48	
			05/19/16	05/16/17	2.00%		71,687.48		71,687.48
13-09	Various Capital Improvements	12/09/09	05/20/15	05/20/16	1.25%	153,103.97		153,103.97	
			05/19/16	05/16/17	2.00%		128,103.97		128,103.97
15-09	Various Capital Improvements	12/09/09	05/20/15	05/20/16	1.25%	252,270.79		252,270.79	
			05/19/16	05/16/17	2.00%		237,270.79		237,270.79
20-09	Various Capital Improvements	12/09/09	05/20/15	05/20/16	1.25%	229,424.58		229,424.58	
01-10	Various Equipment	05/26/10	05/20/15	05/20/16	1.25%	322,096.19		322,096.19	
			05/19/16	05/16/17	2.00%		301,096.19		301,096.19
07-10	Various Capital Improvements	05/26/11	05/20/15	05/20/16	1.25%	26,716.46		26,716.46	
			05/19/16	05/16/17	2.00%		25,316.46		25,316.46
02-11	Various Capital Improvements	05/26/11	05/20/15	05/20/16	1.25%	228,690.00		228,690.00	
			05/19/16	05/16/17	2.00%		218,690.00		218,690.00

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Original Issue	Issue	Maturity					
03-12	Various Capital Improvements	05/25/12	05/20/15 05/19/16	05/20/16 05/16/17	1.25% 2.00%	\$ 736,866.00	\$ 716,866.00	\$ 736,866.00	\$ 716,866.00
04-13	Various Capital Improvements	05/22/13	05/20/15 05/19/16	05/20/16 05/16/17	1.25% 2.00%	748,650.00	718,650.00	748,650.00	718,650.00
03-14	Various Capital Improvements	05/22/14	05/20/15 05/19/16	05/20/16 05/16/17	1.25% 2.00%	373,250.00	373,250.00	373,250.00	373,250.00
09-15	Various Capital Improvements	05/19/16	05/19/16	05/16/17	2.00%	824,824.58	824,824.58	824,824.58	824,824.58
						<u>\$ 3,935,000.00</u>	<u>\$ 4,320,000.00</u>	<u>\$ 3,935,000.00</u>	<u>\$ 4,320,000.00</u>
						Ref.	C	C	
						Renewals	\$ 3,385,175.42	\$ 3,385,175.42	
						New Issues	934,824.58		
						Paid by Budget Appropriation		180,400.00	
						Paid by Open Space Trust Fund		144,424.58	
						Paid by Reserve to Pay Debt Service		225,000.00	
							<u>\$ 4,320,000.00</u>	<u>\$ 3,935,000.00</u>	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Defeased or Matured	Balance Dec. 31, 2016		
			Date	Amount						
General Improvements	06/04/09	\$ 9,500,000.00	02/01/17	\$ 779,000.00	3.000%					
			02/01/18	822,000.00	3.125%	\$ 2,342,000.00	\$ 741,000.00	\$ 1,601,000.00		
Open Space	06/04/09	500,000.00	02/01/17	41,000.00	3.000%					
			02/01/18	43,000.00	3.125%	123,000.00	39,000.00	84,000.00		
2015 Refunding Bonds	12/23/15	5,719,000.00	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	52,250.00	5,666,750.00		
2015 Refunding Bonds (Open Space)	12/23/15	435,000.00	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%					
			09/01/23	53,500.00	4.000%					
			09/01/24	55,000.00	4.000%	736,000.00	72,750.00	663,250.00		
								\$ 8,920,000.00	\$ 905,000.00	\$ 8,015,000.00
							Ref.	C		C
			General Improvement Bonds			\$ 8,061,000.00	\$ 793,250.00	\$ 7,267,750.00		
			Open Space Bonds			859,000.00	111,750.00	747,250.00		
						\$ 8,920,000.00	\$ 905,000.00	\$ 8,015,000.00		

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

Balance December 31, 2015	<u>Ref.</u> C	\$ 812,406.95
Decreased by:		
Loan Payments - Open Space Trust Fund		<u>245,104.96</u>
Balance December 31, 2016	C	<u><u>\$ 567,301.99</u></u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #1 PAYABLE
OUTSTANDING DECEMBER 31, 2016

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 15,488.64
39	03/06/17	2.0%	\$ 154.88	\$ 15,488.64	-0-
			<u>\$ 154.88</u>	<u>\$ 15,488.64</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #2 PAYABLE
OUTSTANDING DECEMBER 31, 2016

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 2,236.91</u>	<u>\$ 148,880.73</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, 2016

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 14,746.11</u>	<u>\$ 241,759.58</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #4 PAYABLE
OUTSTANDING DECEMBER 31, 2016

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 9,830.71</u>	<u>\$ 161,173.04</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Improvement Authorizations	Notes Paid by Budget Appropriation	Funded by Budget Appropriation	Notes Paid by Open Space Trust Fund	Notes Paid by Reserve to Pay Debt Service	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2016
01-99; 16-02	Various Capital Improvements	\$ 6,048.86			\$ 6,048.86					
01-08	Various Capital Improvements	2,254.00		\$ 28,000.00	2,254.00			\$ 56,866.42	\$ 84,866.42	
03-08	Acquisition of Real Property at 22 St. Johns Drive	110,000.00				\$ 140,000.00		527,882.42	557,882.42	
03-09	Various Improvements	475.00		20,000.00	475.00			119,495.69	139,495.69	
08-09	Improve Land/Facilities and Acquire Equipment			10,000.00				71,687.48	81,687.48	
13-09	Various Capital Improvements			25,000.00				128,103.97	153,103.97	
15-09	Various Capital Improvements			15,000.00				237,270.79	252,270.79	
20-09	Various Capital Improvements					4,424.58	\$ 225,000.00		229,424.58	
01-10	Various Equipment			21,000.00				301,096.19	322,096.19	
07-10	Various Capital Improvements			1,400.00				25,316.46	26,716.46	
02-11	Various Capital Improvements			10,000.00				218,690.00	228,690.00	
03-12;										
06-12; 02-13	Various Capital Improvements			20,000.00				716,866.00	736,866.00	
04-13; 11-13	Various Capital Improvements			30,000.00				718,650.00	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
09-15	Various Capital Improvements	950,000.00						824,824.58		125,175.42
11-16	Various Capital Improvements		\$ 375,000.00							375,000.00
		<u>\$ 1,490,527.86</u>	<u>\$ 375,000.00</u>	<u>\$ 180,400.00</u>	<u>\$ 8,777.86</u>	<u>\$ 144,424.58</u>	<u>\$ 225,000.00</u>	<u>\$ 4,320,000.00</u>	<u>\$ 3,935,000.00</u>	<u>\$ 921,925.42</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
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, 2015	D	\$ 55,445.75	\$ 55,463.07
Increased by Receipts:			
Sewer Rents		\$ 278,793.99	
Budget Appropriation:			
Capital Improvement Fund			\$ 30,000.00
Interest on Delinquent Sewer Rents		1,455.42	
Prepaid/Overpaid Sewer Rents		5,670.99	
Interest on Deposits		188.09	
		<u>286,108.49</u>	<u>30,000.00</u>
		341,554.24	85,463.07
Decreased by Disbursements:			
2016 Budget Appropriations		274,377.81	
2015 Appropriation Reserves		16,585.13	
Improvement Authorization Expenditures			64,900.00
		<u>290,962.94</u>	<u>64,900.00</u>
Balance December 31, 2016	D	<u>\$ 50,591.30</u>	<u>\$ 20,563.07</u>

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

		Balance Dec. 31, 2015	Receipts Budget Appropriation	Disbursements Improvement Authorizations	Balance/ (Deficit) Dec. 31, 2016
Capital Improvement Fund		\$ 5,143.00	\$ 30,000.00		\$ 35,143.00
Fund Balance		320.07			320.07
Ord. No.	Improvement Description				
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	50,000.00		\$ 50,000.00	
09-16	Upgrades to the Mendham Sewer East Treatment Plan			14,900.00	(14,900.00)
		<u>\$ 55,463.07</u>	<u>\$ 30,000.00</u>	<u>\$ 64,900.00</u>	<u>\$ 20,563.07</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 9,619.13
Increased by:		
Sewer Rents		\$ 274,013.20
Interest on Delinquent Sewer Rents		1,455.42
		<u>275,468.62</u>
		285,087.75
Decreased by:		
Collections:		
Sewer Rents		278,793.99
Interest on Delinquent Sewer Rents		1,455.42
Prepaid/Overpaid Sewer Rents Applied		50.16
Cancelled by Resolution		21.86
		<u>280,321.43</u>
Balance December 31, 2016	D	<u>\$ 4,766.32</u>

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

	Balance Dec. 31, 2015	Additions by Budget	Transferred from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2016
Sewer Plant	\$ 3,528,515.34	\$ 14,191.43	\$ 50,000.00	\$ 3,592,706.77
<u>Ref.</u>	D			D

Operating Budget	\$ 11,096.55
Appropriation Reserves	3,094.88
	<u>\$ 14,191.43</u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Costs to Fixed Capital</u>	<u>Balance Dec. 31, 2016</u>
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	\$ 50,000.00		\$ 50,000.00	
09-16	Upgrades to the Mendham Sewer East Treatment Plan		\$ 2,500,000.00		\$ 2,500,000.00
		<u>\$ 50,000.00</u>	<u>\$ 2,500,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 2,500,000.00</u>
	<u>Ref.</u>	D			D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	\$ 18,633.43	\$ 18,633.43	\$ 13,490.25	\$ 5,143.18
Capital Improvements:				
Capital Outlay	4,703.38	4,703.38	3,094.88	1,608.50
	<u>\$ 23,336.81</u>	<u>\$ 23,336.81</u>	<u>\$ 16,585.13</u>	<u>\$ 6,751.68</u>

	<u>Ref.</u>	
<u>Balance December 31, 2015</u>		
Encumbered	D	\$ 16,299.75
Unencumbered	D	<u>7,037.06</u>
		<u>\$ 23,336.81</u>

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015 Funded	2016	Paid or Charged	Balance
		Date	Amount		Authorizations		Dec. 31, 2016
					Deferred Charges to Future Revenue		Unfunded
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	12/14/15	\$ 50,000.00	\$ 50,000.00		\$ 50,000.00	
09-16	Upgrades to the Mendham Sewer East Treatment Plan	07/26/16	2,500,000.00		\$ 2,500,000.00	14,900.00	\$ 2,485,100.00
				\$ 50,000.00	\$ 2,500,000.00	\$ 64,900.00	\$ 2,485,100.00
				Ref.	D		D

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 5,143.00
Increased by:		
Budget Appropriation		<u>30,000.00</u>
Balance December 31, 2016	D	<u><u>\$ 35,143.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 2,418,515.34
Increased by:		
Transfer from Deferred Reserve for Amortization	\$	50,000.00
Paid by Operating Budget:		
Serial Bonds		35,000.00
Capital Outlay:		
Operating Budget		11,096.55
Appropriation Reserves		3,094.88
		<u>99,191.43</u>
Balance December 31, 2016	D	<u>\$ 2,517,706.77</u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2015</u>	<u>To Reserve for Amortization Fixed Capital</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 SEWER CAPITAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
			Date	Amount				
2015 Refunding Bonds	12/23/15	\$ 1,110,000.00	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	\$ 35,000.00	\$ 1,075,000.00
						<u>\$1,110,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 1,075,000.00</u>

Ref.

D

D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

Ord. No.	Improvement Description	2016 Improvement Authorizations	Balance Dec. 31, 2016
09-16	Upgrades to the Mendham Sewer East Treatment Plan	\$ 2,500,000.00	\$ 2,500,000.00
		<u>\$ 2,500,000.00</u>	<u>\$ 2,500,000.00</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
MENDHAM WEST SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2015	E	\$ 14,771.48
Increased by Receipts:		
Sewer Rents		\$ 119,865.98
Interest on Delinquent Sewer Rents		168.53
Prepaid/Overpaid Sewer Rents		5,546.11
Due Current Fund:		
Anticipated Deficit		3,931.55
Interfund Advanced		6,068.45
		<u>135,580.62</u>
		150,352.10
Decreased by Disbursements:		
2016 Budget Appropriations		117,529.36
2015 Appropriation Reserves		8,961.73
		<u>126,491.09</u>
Balance December 31, 2016	E	<u>\$ 23,861.01</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 1,579.96
Increased by:		
Sewer Rents	\$ 121,536.14	
Interest on Delinquent Sewer Rents	168.53	
		121,704.67
		123,284.63
Decreased by:		
Collections:		
Sewer Rents	119,865.98	
Interest on Delinquent Sewer Rents	168.53	
Prepaid/Overpaid Sewer Rents Applied	833.80	
Cancelled by Resolution	7.91	
		120,876.22
Balance December 31, 2016	E	\$ 2,408.41

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u> <u>by Budget</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Sewer Plant	<u>\$ 2,062,573.32</u>	<u>\$ 910.23</u>	<u>\$ 2,063,483.55</u>
<u>Ref.</u>	E		E

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

		<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Other Expenses		\$ 8,961.73	\$ 8,961.73	\$ 8,961.73	\$ -0-
		<u>\$ 8,961.73</u>	<u>\$ 8,961.73</u>	<u>\$ 8,961.73</u>	<u>\$ -0-</u>
	<u>Ref.</u>				
<u>Balance December 31, 2015:</u>					
Encumbered	E	\$ 8,961.73			
		<u>\$ 8,961.73</u>			

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 2,062,573.32
Increased by:		
Capital Outlay:		
2016 Budget Appropriations		<u>910.23</u>
Balance December 31, 2016	E	<u><u>\$ 2,063,483.55</u></u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF MENDHAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

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	\$ 497.65	01/01/12	12/31/16		\$ 497.65	\$ 497.65	
			N/A	843.13	01/01/13	12/31/16		843.13	843.13	
			N/A	893.85	01/01/15	12/31/17		582.62	582.62	
			N/A	1,923.40	01/01/16	12/31/17	\$ 1,923.40			
Total U.S. Department of Justice							1,923.40	1,923.40	1,923.40	
<u>U.S. Department of Transportation:</u>										
(Passed through NJ Department of Transportation)	Highway Planning and Construction Cluster:									
	Municipal Aid Program - 2014 Corey Lane (Ord #03-15)	20.205	078-6320-480- ALW-609164	220,000.00	01/01/15	12/31/15	55,000.00		220,000.00	
Total Highway Planning and Construction Cluster							55,000.00		220,000.00	
(Passed through NJ Department of Law and Public Safety)	Drive Sober or Get Pulled Over: 2016	20.616	066-1160-100- 157-031020	5,000.00	01/01/16	12/31/16	5,000.00	5,000.00	5,000.00	
	Total U.S. Department of Transportation							5,000.00	5,000.00	5,000.00
<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-							
	October 2011 Snowstorm	97.036	A77-063140	191,837.00	10/01/11	12/31/12	1,327.76	1,327.76 *	191,837.00	
	Super Storm Sandy	97.036	066-1200-100- A92-068280	381,094.64	10/26/12	12/31/13	7,908.79	7,908.79 *	381,094.64	
Total U.S. Department of Homeland Security							9,236.55	9,236.55 *	572,931.64	
TOTAL FEDERAL AWARDS							\$ 71,159.95	\$ 16,159.95	\$ 799,855.04	\$ -0-

* Includes 2011 and 2012 expenditures.

N/A - Not Available

TOWNSHIP OF MENDHAM
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

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	\$ 22,096.35 25,274.56	01/01/15 01/01/16	12/31/16 12/31/17		\$ 8,772.31	\$ 22,096.35						
						\$ 25,274.56	4,311.68	4,311.68						
						25,274.56	13,083.99	26,408.03						
	Recycling Tonnage Grant	042-4910-100- 224-238490	5,000.00 3,849.13	01/01/14 01/01/16	12/31/17 12/31/17		500.00	601.60						
						3,849.13								
						3,849.13	500.00	601.60						
	Green Acres Project #1419-00-038	042-4800-727- 002-100200	412,800.00	05/20/09	12/31/16	187,800.00	187,800.00 *	412,800.00						
						216,923.69	201,383.99	439,809.63						
	Total Department of Environmental Protection						216,923.69	201,383.99	439,809.63					
	<u>Department of Health and Senior Services</u>	Alcohol Education, Rehabilitation and Enforcement Fund	098-9735-760- 001-060000	1,618.04 1,834.74 1,027.33	01/01/11 01/01/12 01/01/16	12/31/16 12/31/17 12/31/17		753.96	1,618.04					
							246.04	246.04						
1,027.33														
Total Department of Health and Senior Services						1,027.33	1,000.00	1,864.08						
<u>Department of Law and Public Safety</u>		Drunk Driving Enforcement Fund	N/A	10,057.36 7,024.08 5,163.08	01/01/13 01/01/14 01/01/16	12/31/16 12/31/16 12/31/17		2,534.13	10,057.36					
							7,024.08	7,024.08						
	5,163.08						960.85	960.85						
	Body Armor Replacement Fund	066-1020-718- 001-090160	1,596.57 1,762.91 1,702.98	01/01/14 01/01/15 01/01/16	12/31/16 12/31/17 12/31/17		791.83	1,596.57						
							971.08	971.08						
						1,702.98								
						1,702.98	1,762.91	2,567.65						
						Total Department of Law and Public Safety						6,866.06	12,281.97	20,609.94
						<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	20,560.00 18,560.00	07/01/15 07/01/16	06/30/16 06/30/17	18,022.14	14,968.12	17,825.93					
							2,745.99	2,745.99						
18,022.14							17,714.11	20,571.92						
TOTAL STATE AWARDS						\$ 242,839.22	\$ 232,380.07	\$ 482,855.57						

* Includes 2015 expenditures.

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MENDHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

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, 2016. 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, 2016:

Green Acres Loan Payable #1	\$ 15,488.64
Green Acres Loan Payable #2	148,880.73
Green Acres Loan Payable #3	241,759.58
Green Acres Loan Payable #4	<u>161,173.04</u>
	<u>\$ 567,301.99</u>

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



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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Township of Mendham, in the County of Morris (the "Township") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 12, 2017. 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 2016-01, 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 12, 2017

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, 2016

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, 2016 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 2016-01: 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 and the preparation of the general ledger for the various funds are performed by the Chief Financial Officer. Also, the Tax/Utilities Rent Collector is responsible for cash collections and the 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, 2016

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, 2016

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2016-01.

TOWNSHIP OF MENDHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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 July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$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 4, 2016, 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 November 9, 2016 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>
2016	4
2015	5
2014	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 2016 Taxes	20
Payment of 2017 Taxes	20
Delinquent Taxes	20
Payment of 2016 Sewer Charges	10
Delinquent Sewer Charges	10

Verification notices were mailed to confirm balances as of December 31, 2016. 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 and 2016 additions and deletions. The Township is currently in the process of updating its inventory records. It is recommended that fixed assets records be updated to include prior and current years' 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 2016 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
State of New Jersey	\$ 8,339.92	\$ 102,948.73	\$ 102,576.58	\$ 8,712.07
County of Morris	3,469.00	36,938.50	36,354.50	4,053.00
Municipality	8,417.08	84,762.10	83,038.25	10,140.93
Public Defender	695.00	11,939.00	11,195.00	1,439.00
P.O.A.A.		2.00	2.00	
Conditional Discharge	472.00	3,357.00	3,529.00	300.00
	<u>\$ 21,393.00</u>	<u>\$ 239,947.33</u>	<u>\$ 236,695.33</u>	<u>\$ 24,645.00</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

There are older receivables in the General Capital Fund for the New Jersey Department of Transportation Grants, New Jersey Department of Environmental Protection Grants, the Mendham Soccer & Lacrosse Clubs and the Mendham Township First Aid Squad which need to be investigated and collected or funded. The Township had cancelled a Homeland Security Grant during 2016 and the receivables from the Mendham Soccer & Lacrosse Clubs and the Mendham Township First Aid Squad in January 2017. It is recommended that the Township continues to review older capital grant receivables for possible collection, cancellation and alternate funding.

Management's Response

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

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, the resulting sewer fees did not significantly improve the fund balance in the Mendham East and West Sewer Utility Funds. Also, it is uncertain whether the approved sewer rates increase will be 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.

Police Outside Duties

The Township does not require entities requesting the services of police officers to submit payment in advance of services rendered in accordance to LFN 2000-14. In accordance to LFN 2000-14, any private persons or entities requesting the services of police officers should be billed as necessary to ensure a sufficient balance at all times. It is recommended that the Township modify the administration of and related billing for police outside duties in accordance to LFN 2000-14.

Management's Response

The Township will review the administration and billing for police outside duties and modify as necessary.

Management Suggestion

Federal and State Grant Fund

There are certain older appropriated reserve balances in the Federal and State Grant Fund. It is suggested that these older grant balances be reviewed for possible cancellation.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The prior year recommendation regarding the preparation of bank reconciliations for the Developers' Escrow Trust has been resolved during 2016. The prior year recommendations regarding fixed assets inventory and cancellation of older tickets assigned to an officer but not issued have not been resolved and are included in the current year report. The prior year recommendations regarding segregation of duties, possible cancellation of capital grant receivables, and sewer rates increases have not been completely 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 prior and current years' 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. The Township continues to review older capital grant receivables for possible collection, cancellation and alternate funding.
5. 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.
6. The Township modify the administration of and related billing for police outside duties in accordance to LFN 2000-14.
