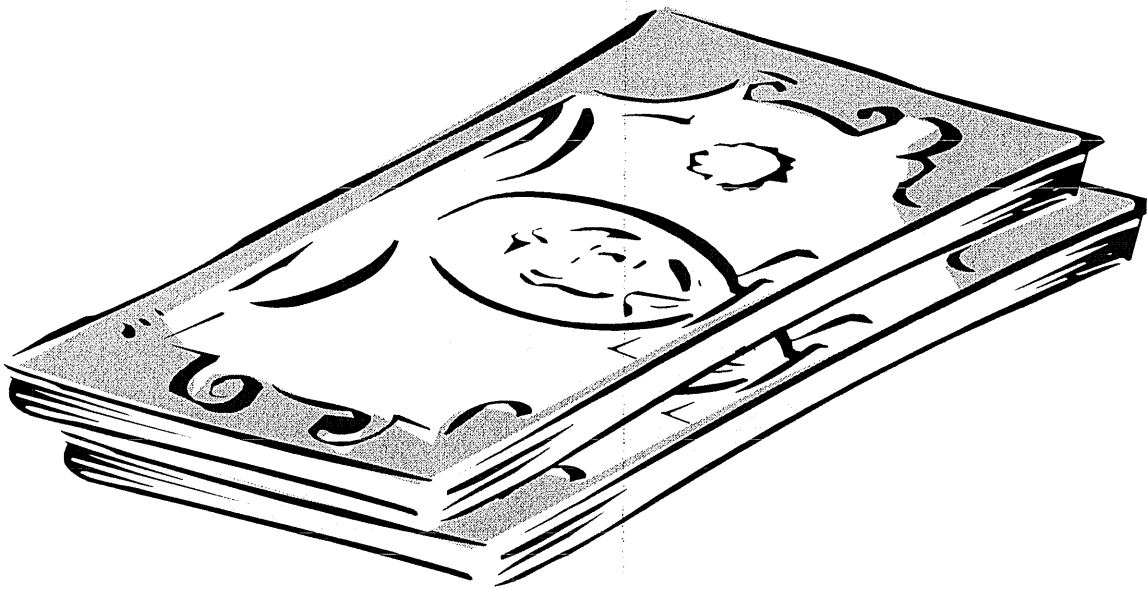


Township of Mendham
10 Year Trend Analysis
Years Ended December 31, 2001
through December 31, 2010



Prepared by: TB Day

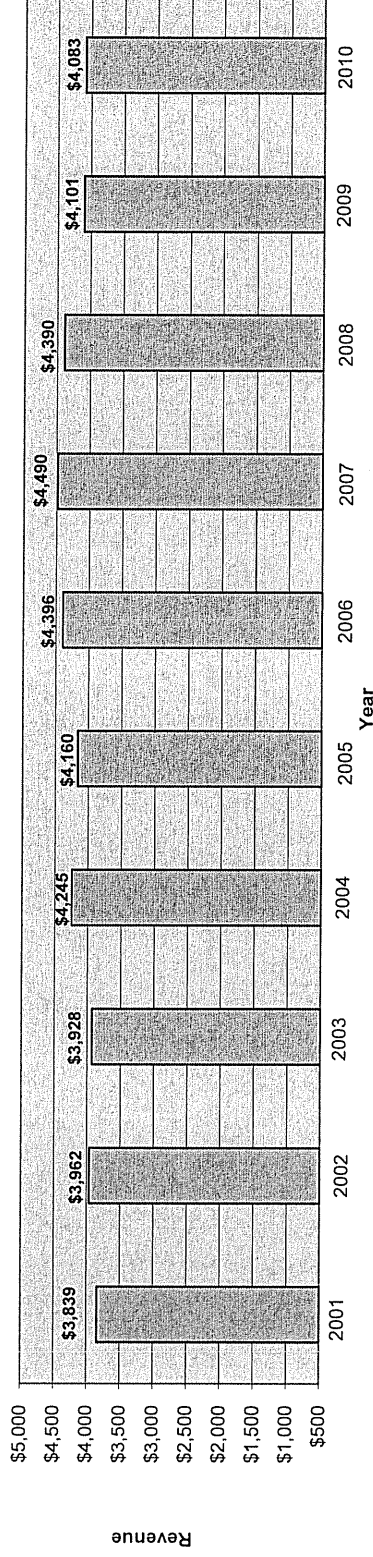
December 27, 2011

Township of Mendham Financial Trend Monitoring System

Formula:

$$\frac{\text{Net Operating Revenue (Constant Dollars)}}{\text{Households}}$$

OPERATING REVENUE PER HOUSEHOLD



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenue(Actual)	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
CPI Index	177.0	180.0	183.1	184.2	186.0	188.9	195.3	201.6	207.3	210.2
CPI Constant	100.00	101.69	103.45	104.07	105.08	106.72	110.34	113.90	117.12	118.76
CPI In Decimals	1.000	1.017	1.034	1.041	1.051	1.067	1.103	1.139	1.171	1.188
Operating Revenue(Constant)	\$ 7,347,269	\$ 7,703,099	\$ 7,668,344	\$ 8,344,910	\$ 8,275,062	\$ 8,739,651	\$ 8,953,023	\$ 8,801,592	\$ 8,272,703	\$ 8,259,566
Number of Households	1,914	1,944	1,952	1,966	1,989	1,988	1,994	2,005	2,017	2,023
Operating Revenue Per Household	\$ 3,839	\$ 3,962	\$ 3,928	\$ 4,245	\$ 4,160	\$ 4,396	\$ 4,490	\$ 4,390	\$ 4,101	\$ 4,083
Dollar Change	n/a	\$ 124	\$ (34)	\$ 316	\$ (84)	\$ 236	\$ 94	\$ (100)	\$ (288)	\$ (19)
Percent Change	0.00%	3.12%	-0.87%	7.45%	-1.98%	5.67%	2.13%	-2.23%	-6.57%	-0.45%

NOTES

1. As population increases, it is expected that revenue and the need for service would increase proportionately. Per Households Revenue shows changes in revenue relative to population. For a municipality to remain financially stable, Revenue Per Household should remain at least constant. Revenue Per Household should be examined relative to Expenditure Per Household.
2. The CPI Constant levelizes the CPI Index to the base year.

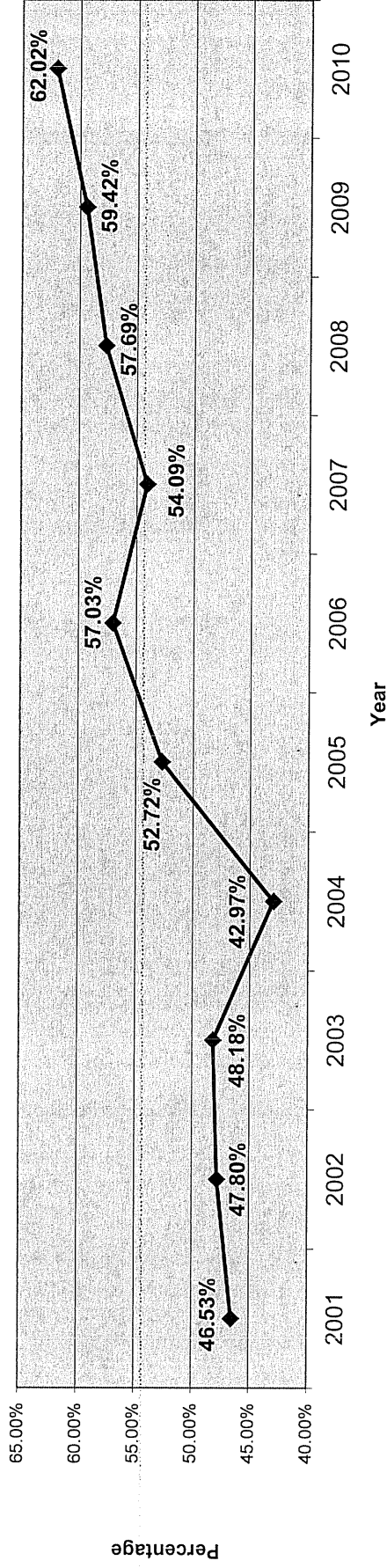
Township of Mendham Financial Trend Monitoring System

Warning Trend: Steady increase in the reliance of tax revenue to balance the municipal budget

Formula:

$$\frac{\text{Property Tax Revenue}}{\text{Total Operating Revenue}}$$

Tax Revenue as a Percentage of Total Operating Revenue



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Operating Revenue	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
Property Tax Revenue	\$ 3,418,687	\$ 3,744,312	\$ 3,821,603	\$ 3,731,992	\$ 4,584,319	\$ 5,319,424	\$ 5,343,482	\$ 5,783,742	\$ 5,756,825	\$ 6,083,863
Percent of Total	46.53%	47.80%	48.18%	42.97%	52.72%	57.03%	54.09%	57.69%	59.42%	62.02%

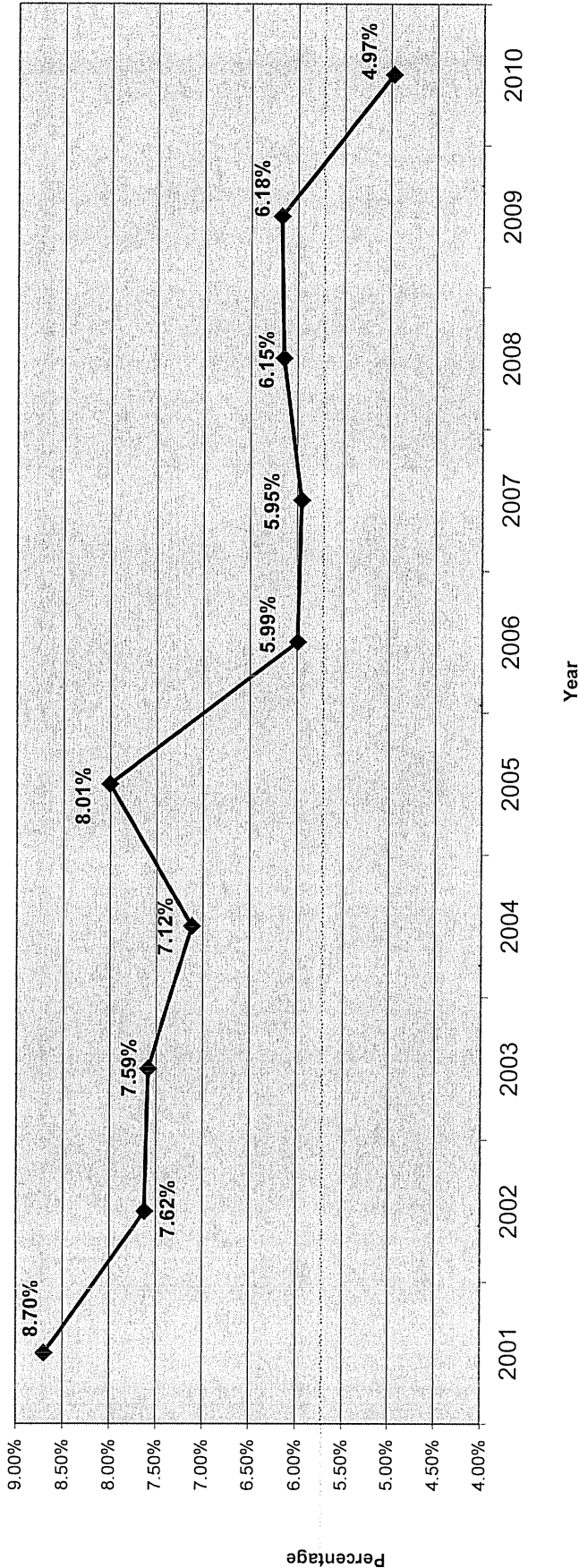
This indicator shows changes in revenue structure. Strong shifts in the percentage of any revenue source may be a warning of financial problems.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Decreasing amount of State Aid Revenue as a percentage of Total Operating Revenue

Formula:
$$\frac{\text{State Aid Revenue}}{\text{Total Operating Revenue}}$$

State Aid Revenue as a Percentage of Total Operating Revenue

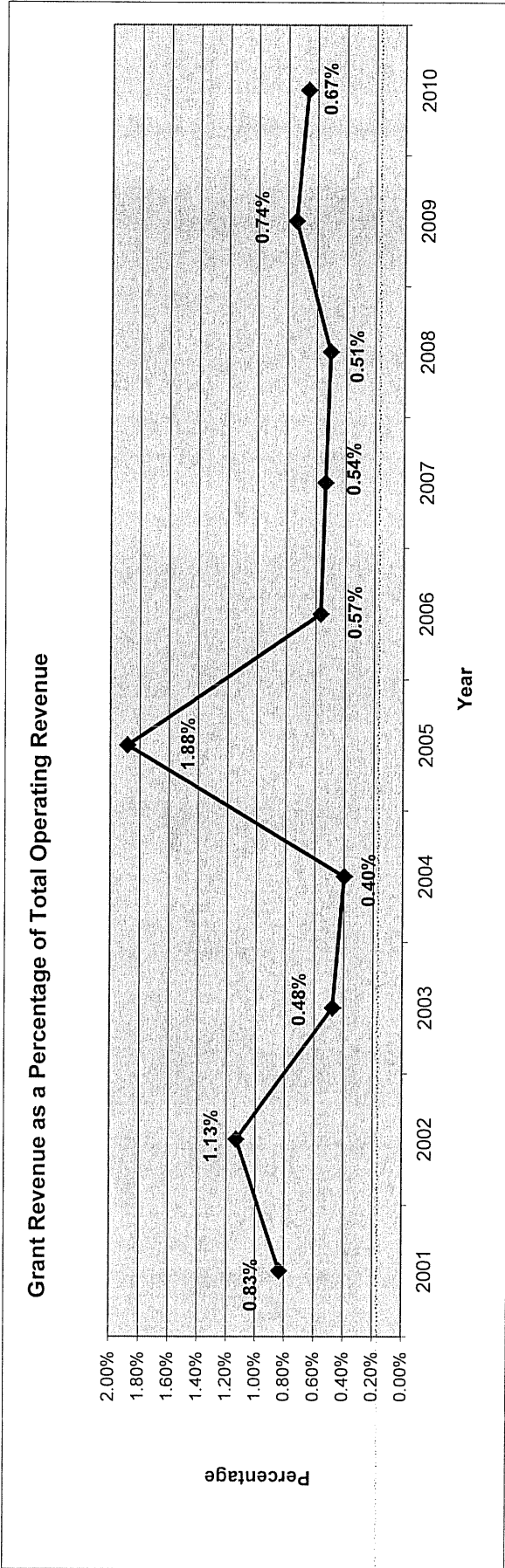


Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Operating Revenue	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
State Aid Revenue	638,974	597,087	601,792	618,131	696,190	\$ 559,064	\$ 588,269	\$ 616,456	\$ 598,509	\$ 487,809
Percent of Total	8.70%	7.62%	7.59%	7.12%	8.01%	5.99%	5.95%	6.15%	6.18%	4.97%

State aid includes: Consolidated Municipal Property Tax Relief Aid, Energy Receipts Tax and Watershed Aid. This revenue is not earmarked and may be allocated towards any purpose. Decreasing State Aid Revenue may create financial inflexibility and may signal an immediate financial weakness, however an overdependence may indicate future disruption.

Township of Mendham Financial Trend Monitoring System

Formula:
$$\frac{\text{Grant Revenue}}{\text{Total Operating Revenue}}$$



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Operating Revenue	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
Grant Revenue	\$ 61,244	\$ 88,697	\$ 37,688	\$ 34,676	\$ 163,780	\$ 52,860	\$ 53,076	\$ 50,669	\$ 72,020	\$ 65,299
Percent of Total	0.83%	1.13%	0.48%	0.40%	1.88%	0.57%	0.54%	0.51%	0.74%	0.67%

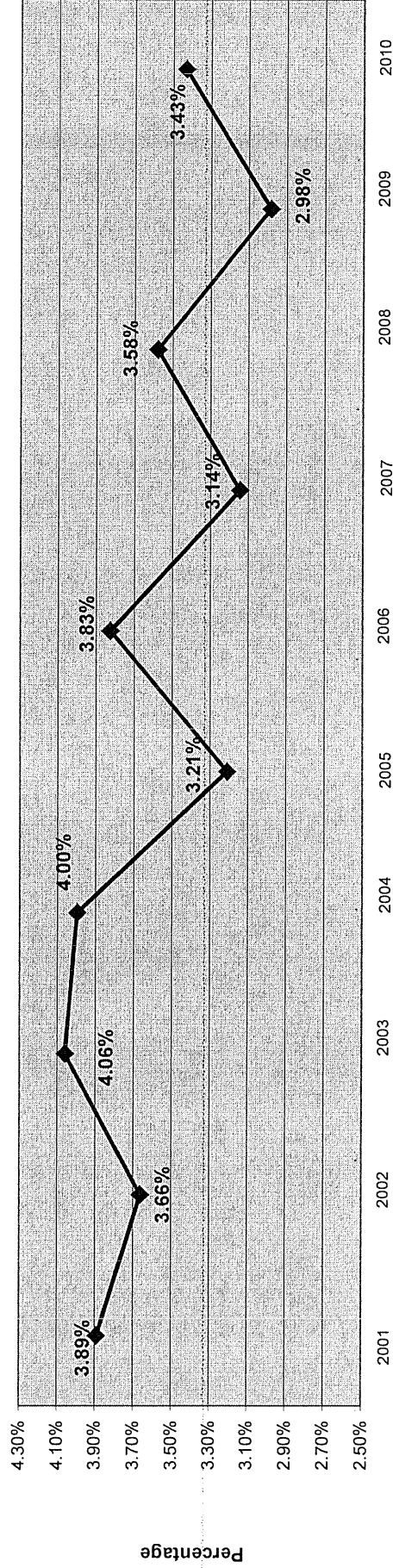
Grants include Clean Communities, Municipal Alliance, Drunk Driving, Recycling, Environmental Protection, Body Armor, Replacement program and various programs for Police Services. The grants are earmarked for specific purposes, often to implement State or Federal Programs. Decreasing Grant Revenue places a greater burden on tax rate to balance the budget.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Decreasing amount of Local Revenue as a percentage of Total Operating Revenue

$$\text{Formula: } \frac{\text{Local Revenue}}{\text{Total Operating Revenue}}$$

Local Revenue as a Percentage of Total Operating Revenue

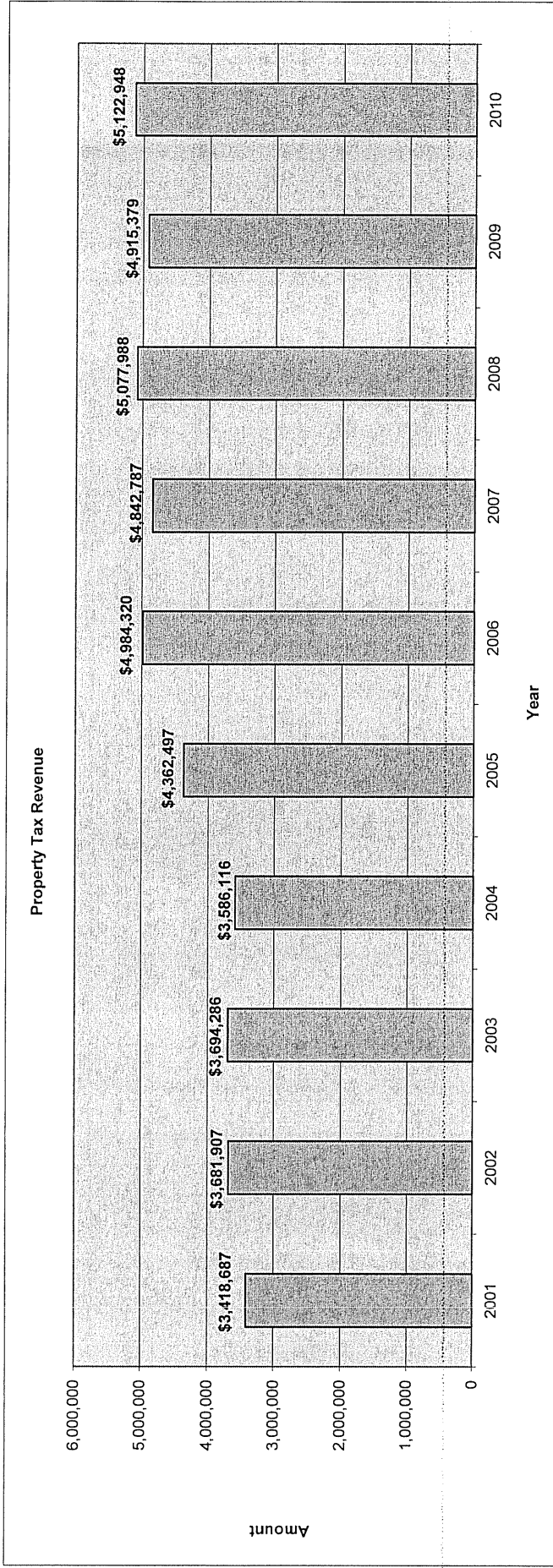


Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Operating Revenue	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
Local Revenue	\$ 285,912	\$ 287,000	\$ 322,000	\$ 347,000	\$ 279,000	\$ 356,781	\$ 310,478	\$ 358,808	\$ 289,036	\$ 336,700
Percent of Total	3.89%	3.66%	4.06%	4.00%	3.21%	3.83%	3.14%	3.58%	2.98%	3.43%

Since the budget year of 2001, the local revenue percentage of the total operating revenue has fluctuated, this fluctuation can cause a greater reliance on property taxes and surplus to comprise and support the year's operating budget.

Township of Mendham Financial Trend Monitoring System

Formula:
Property Tax Revenue (Constant)



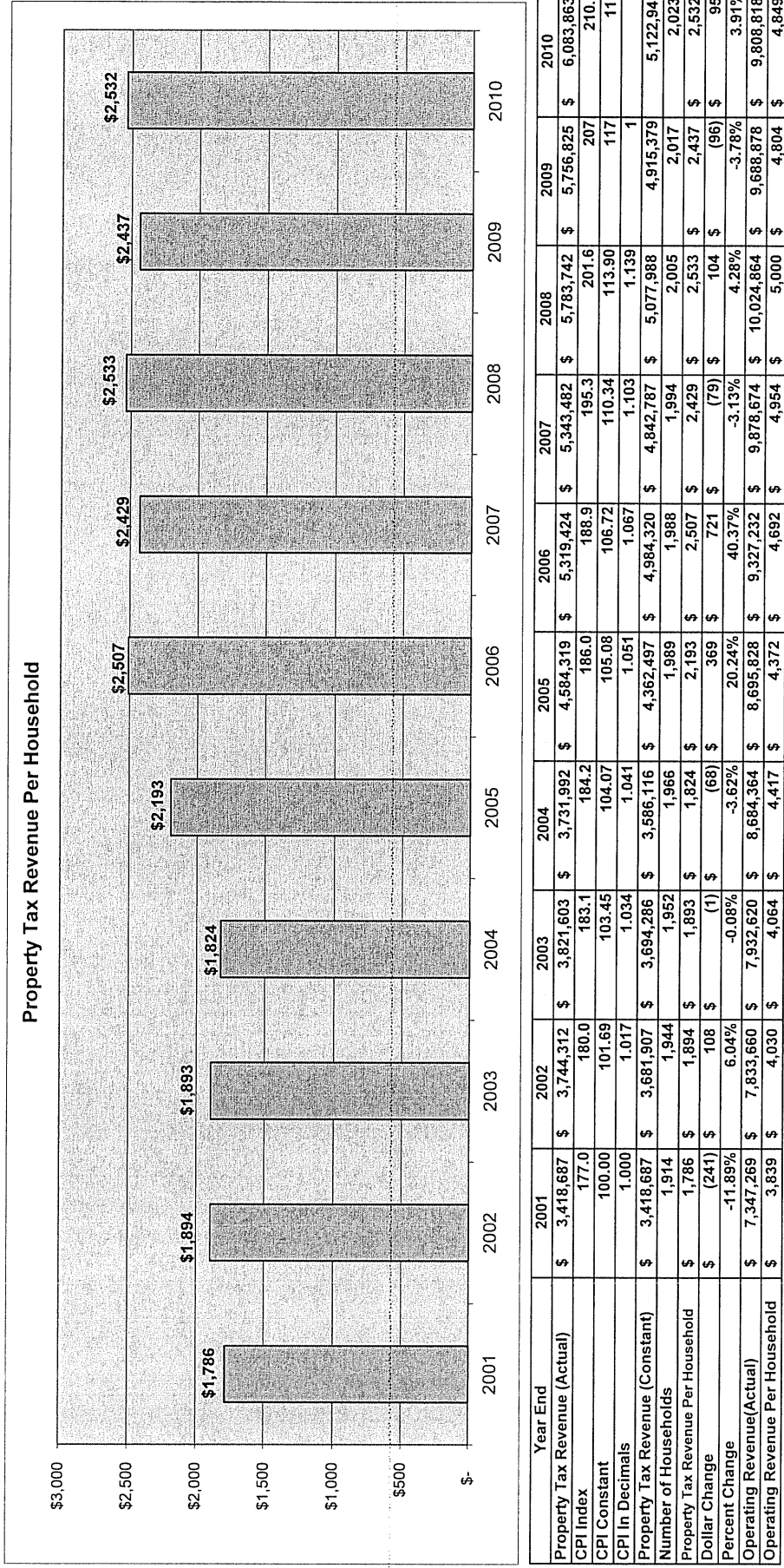
Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Tax Revenue (Actual)	\$ 3,418,687	\$ 3,744,312	\$ 3,821,603	\$ 3,731,992	\$ 4,584,319	\$ 5,319,424	\$ 5,343,482	\$ 5,783,742	\$ 5,756,825	\$ 6,083,863
CPI Index	177.0	180.0	183.1	184.2	186.0	188.9	195.3	201.6	207.3	210.2
CPI Constant	100.00	101.69	103.45	104.07	105.08	106.72	110.34	113.90	117.12	118.76
CPI In Decimals	1.000	1.017	1.034	1.041	1.051	1.067	1.103	1.139	1.171	1.188
Property Tax Revenue (Constant)	\$ 3,418,687	\$ 3,681,907	\$ 3,694,286	\$ 3,586,116	\$ 4,362,497	\$ 4,984,320	\$ 4,842,787	\$ 5,077,988	\$ 4,915,379	\$ 5,122,948
Dollar Change	\$ (461,313)	\$ 263,220	\$ 12,379	\$ (108,170)	\$ 776,381	\$ 621,823	\$ (141,533)	\$ 235,201	\$ (162,609)	\$ 207,570
Percent Change	-11.89%	7.15%	0.34%	-3.02%	22.71%	14.25%	-2.84%	4.86%	-3.20%	4.22%

Fluctuations in Property Tax Revenue can be caused by many factors including new development, decline or rise in property values, age of property or a general decline in the regional economy. Towns that rely heavily on Property Tax Revenue are susceptible to serious economic disruption.

Township of Mendham Financial Trend Monitoring System

Formula:

$$\frac{\text{Property Tax Revenue (Constant)}}{\text{Households}}$$

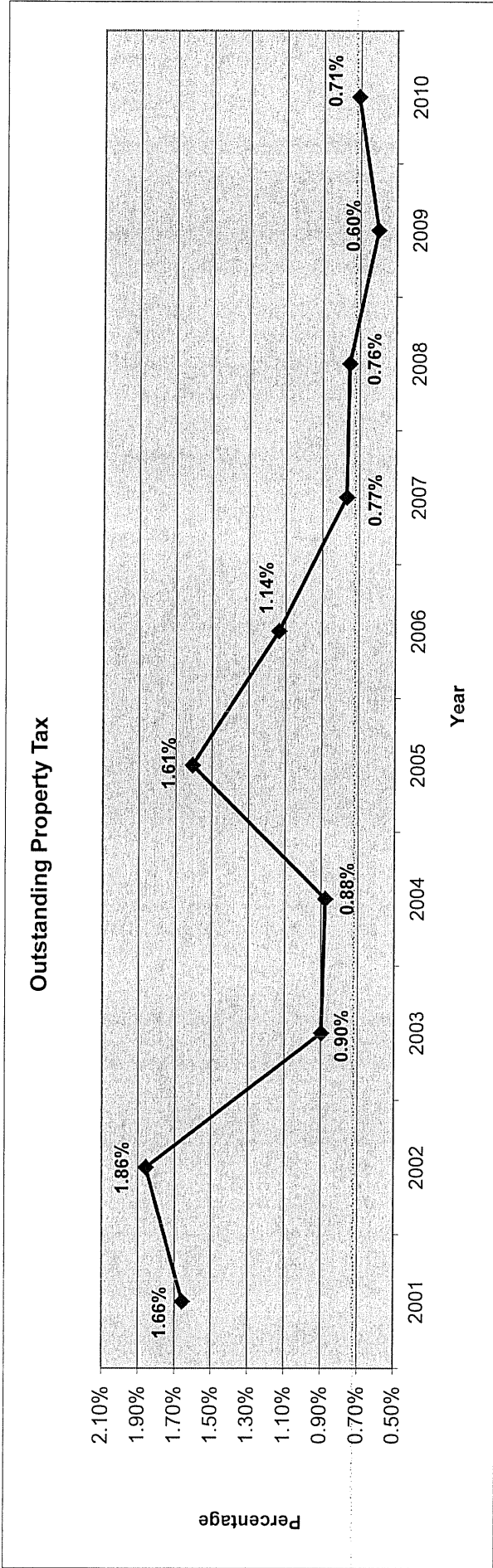


As households increase, it is expected that revenue and the need for service would increase proportionately. Per Households Property Tax shows changes relative to households. For a municipality to remain financially stable, losses in Property Tax should be offset by increases in other forms of revenue.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Increasing Outstanding Property Tax Revenue as a percentage of Property Tax Levy

Formula:
$$\frac{\text{Outstanding Property Tax}}{\text{Property Tax Levy}}$$



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Tax Levy	\$ 22,462,275	\$ 24,839,524	\$ 26,575,812	\$ 28,059,951	\$ 29,747,563	\$ 31,402,151	\$ 32,548,265	\$ 33,556,493	\$ 35,325,770	\$ 35,648,111
Outstanding Property Tax	\$ 461,313	\$ 238,488	\$ 246,143	\$ 478,213	\$ 357,013	\$ 250,361	\$ 253,680	\$ 211,998	\$ 253,235	\$ 209,079
Percent of Total	1.66%	1.86%	0.90%	0.88%	1.61%	1.14%	0.77%	0.76%	0.60%	0.71%

Increases in the percentage of property tax not collected indicates a serious financial problem. High levels of outstanding uncollected Property Tax decreases liquidity and the ability for the Township to meet its current bills and liabilities.

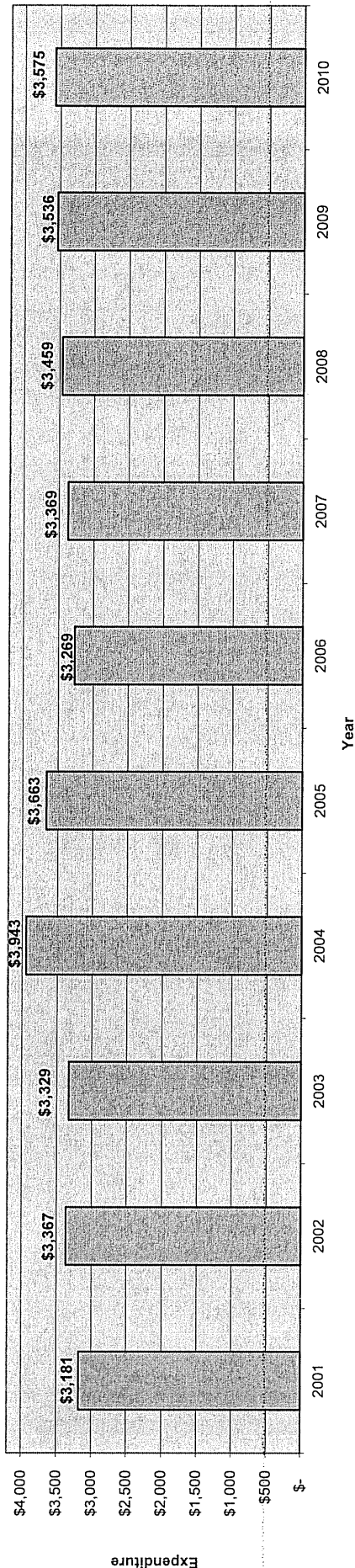
Township of Mendham Financial Trend Monitoring System

Warning Trend:

Increase in Expenditures per Household

$$\text{Formula:} \frac{\text{Total Expenditures (Constant)}}{\text{Households}}$$

EXPENDITURE PER HOUSEHOLD



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Expenditures (Actual)	\$ 6,089,085	\$ 6,655,716	\$ 6,722,813	\$ 8,066,348	\$ 7,656,405	\$ 8,306,269	\$ 8,839,712	\$ 9,028,808	\$ 9,166,479	\$ 8,890,730
CPI Index	177.0	180.0	183.1	184.2	186.0	188.9	195.3	201.6	207.3	210.2
CPI Constant	100.00	101.69	103.45	104.07	105.08	106.72	110.34	113.90	117.12	118.76
CPI In Decimals	1.000	1.017	1.034	1.041	1.051	1.067	1.103	1.139	1.171	1.188
Total Expenditures (Constant)	\$ 6,089,085	\$ 6,544,787	\$ 6,498,841	\$ 7,751,051	\$ 7,285,934	\$ 6,498,464	\$ 6,718,634	\$ 6,935,364	\$ 7,131,453	\$ 7,231,218
Number of Households	1,914	1,944	1,952	1,966	1,989	1,988	1,994	2,005	2,017	2,023
Expenditure Per Household	\$ 3,181	\$ 3,367	\$ 3,329	\$ 3,943	\$ 3,663	\$ 3,269	\$ 3,369	\$ 3,459	\$ 3,536	\$ 3,575
Percent Change	-3.30%	5.83%	-1.11%	18.42%	-7.09%	2.75%	3.08%	2.66%	2.22%	1.10%

NOTES

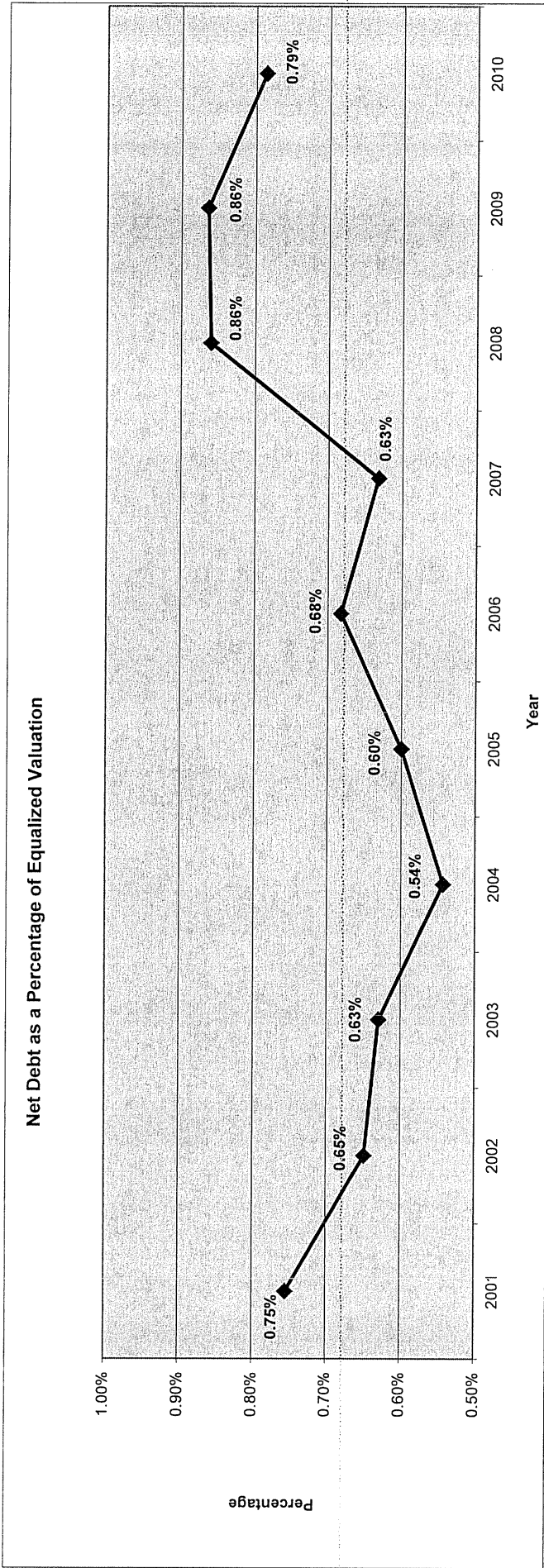
1. Fluctuations in Expenditures can be caused by factors including new development, debt service, contractual obligations, changes in health, pension and/or liability insurance.
2. The increase in expenditures in 2004 is a result of the Building Reserve.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Increasing Net Debt as a percentage of average equalized valuation

Formula:

$$\frac{\text{Net Debt}}{\text{3-yr. Avg. equalized valuation}}$$



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
*3 Yr. Avg. Equalized Valuation	\$ 1,159,369,680	\$ 1,309,449,919	\$ 1,457,425,673	\$ 1,598,371,128	\$ 1,770,876,989	\$ 1,946,801,091	\$ 2,096,688,371	\$ 2,183,534,123	\$ 2,210,797,541	\$ 2,173,868,729
*Net Debt per Annual Debt Stmt.	\$ 8,748,647	\$ 8,491,210	\$ 9,173,311	\$ 8,678,788	\$ 10,624,359	\$ 13,280,779	\$ 13,250,138	\$ 18,776,263	\$ 19,104,073	\$ 17,083,626
Percentage	0.75%	0.65%	0.63%	0.54%	0.60%	0.68%	0.63%	0.86%	0.86%	0.79%

40A:2-5 - "No bond ordinance shall be finally adopted if it appears from the supplemental debt statement required by this chapter that the percentage of net debt as stated therein pursuant to 40A:2-42 exceeds 2%, in the case of a county, or 3.5% in the case of a municipality."

*the 3 yr avg equalized valuation and the net debt are directly from the annual debt statement for each calendar year

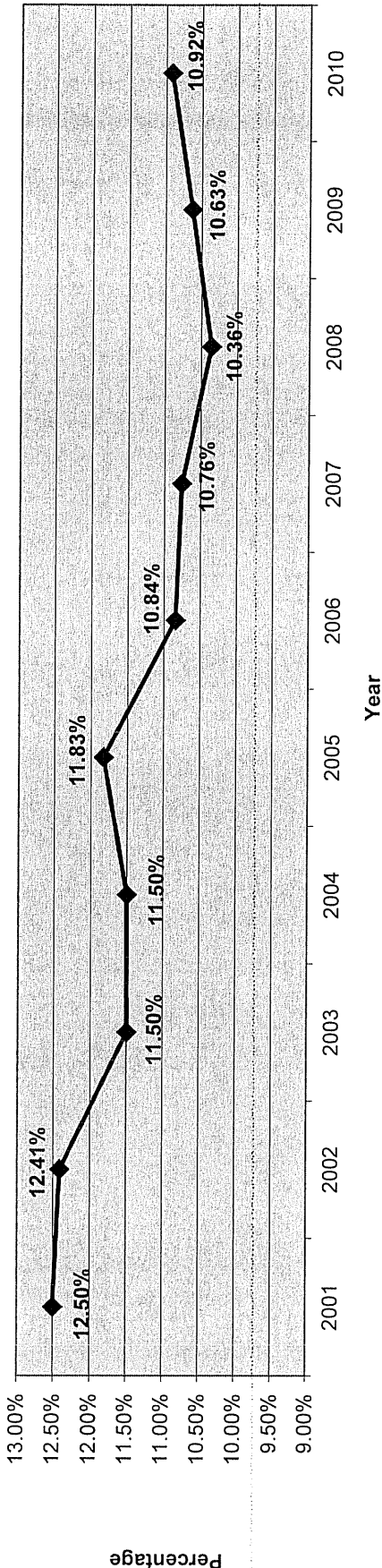
Township of Mendham Financial Trend Monitoring System

Warning Trend: Increasing Debt Service expense as a percentage of Operating Revenue
8% is an acceptable general guideline

Formula:

$$\frac{\text{Debt Service Expense}}{\text{Operating Revenue}}$$

Debt Service Expense as a Percentage of Total Revenue



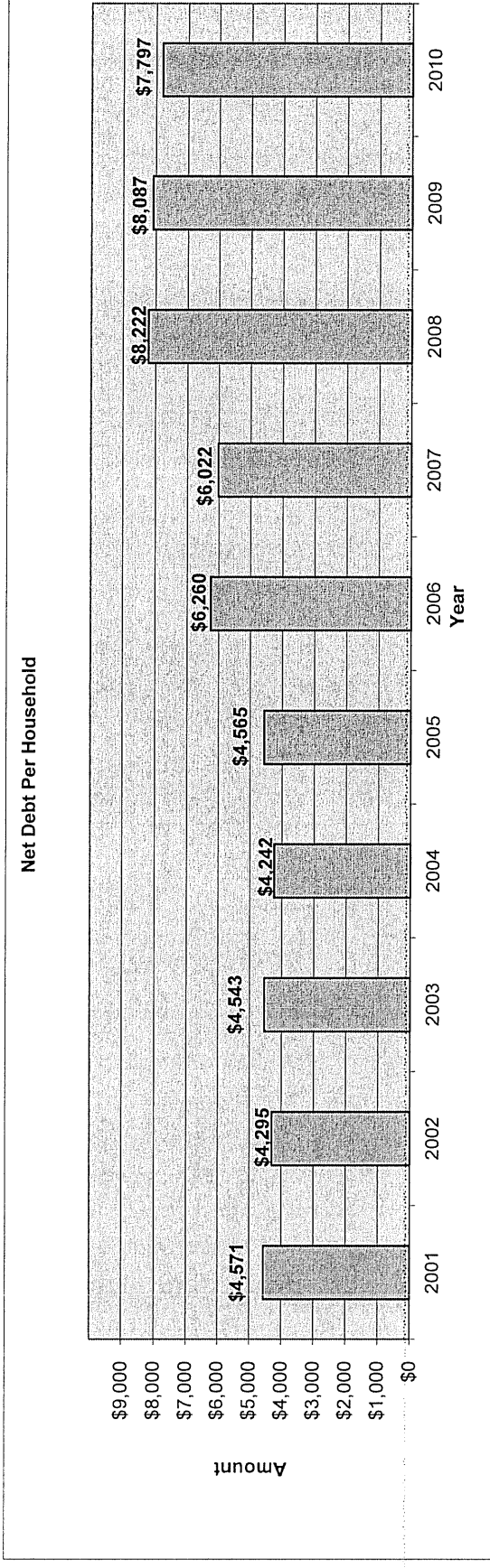
Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Revenue	\$ 7,347,269	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818
Debt Service Expense	\$ 918,761	\$ 972,315	\$ 911,990	\$ 998,660	\$ 1,028,554	\$ 1,011,235	\$ 1,063,060	\$ 1,038,269	\$ 1,030,100	\$ 1,070,967
Trend	12.50%	12.41%	11.50%	11.50%	11.83%	10.84%	10.76%	10.36%	10.63%	10.92%

Increasing Debt Service decreases expenditure flexibility by adding to a Township's fixed cost obligation.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Increasing Bonded
Long Term Debt Per Household

$$\text{Formula:} \\ \frac{\text{Net Debt (Constant)}}{\text{Households}}$$



Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Net Debt	\$ 8,748,647	\$ 8,491,210	\$ 9,173,311	\$ 8,678,788	\$ 9,541,608	\$ 13,280,779	\$ 13,250,138	\$ 18,776,263	\$19,104,073	\$ 18,733,126
CPI Index	177.0	180.0	183.1	184.2	186.0	188.9	195.3	201.6	207.3	210.2
CPI Constant	100.00	101.69	103.45	104.07	105.08	106.72	110.34	113.90	117.12	118.76
CPI In Decimals	1.000	1.017	1.034	1.041	1.051	1.067	1.103	1.139	1.171	1.188
Net Debt (Constant)	\$ 8,748,647	\$ 8,349,690	\$ 8,867,701	\$ 8,339,552	\$ 9,079,917	\$ 12,444,139	\$ 12,008,574	\$ 16,485,112	\$ 16,311,727	\$ 15,774,326
Number of Households	1,914	1,944	1,952	1,966	1,989	1,988	1,994	2,005	2,017	2,023
Net Debt Per Household	\$ 4,571	\$ 4,295	\$ 4,543	\$ 4,242	\$ 4,565	\$ 6,260	\$ 6,022	\$ 8,222	\$ 8,087	\$ 7,797
Dollar Change	\$ 276	\$ (248)	\$ 301	\$ (323)	\$ (14)	\$ 1,695	\$ (237)	\$ 2,200	\$ (135)	\$ (290)
Percent Change	6.05%	-5.42%	7.01%	-7.11%	-0.33%	37.12%	-3.79%	36.52%	-1.64%	-3.58%

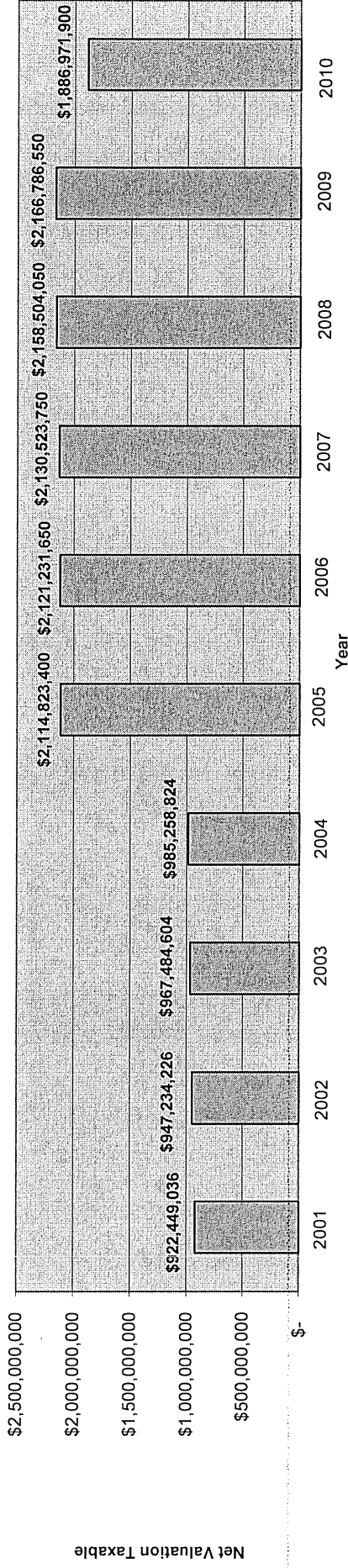
NOTES

1. Increased Debt Per Households presents a threat to the ability of tax payers to pay their taxes. This may lead to an increase in outstanding property tax.
2. Formula for Net Debt = Total Bonds, Notes & Loans - Bonds & Notes for Self Liquidating Purposes (Sewer Utility).

Township of Mendham Financial Trend Monitoring System

Warning Trend: Decrease in Net Valuation Taxable

Change in Net Valuation Taxable



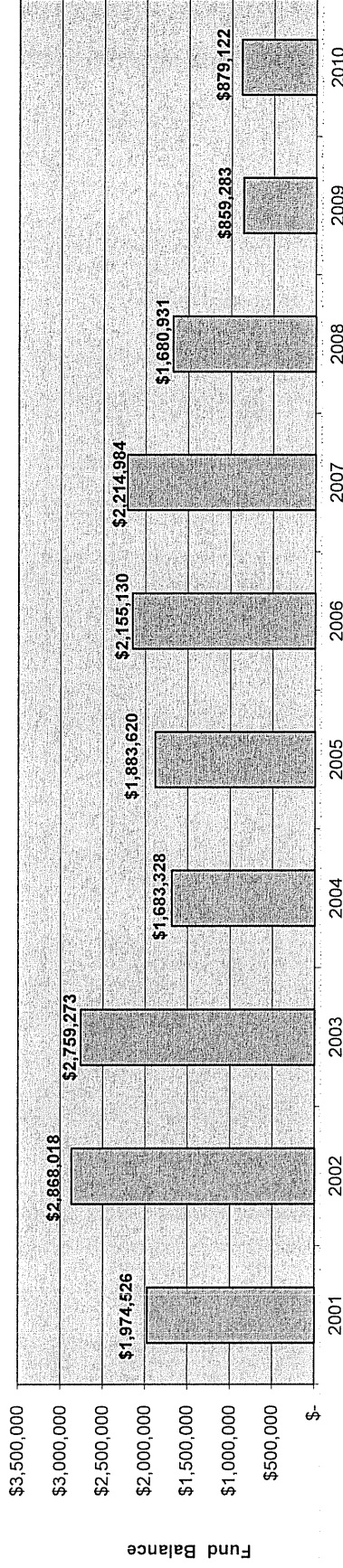
Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
NVT Bal. January 1st	\$ 881,057,473	\$ 922,449,036	\$ 947,234,226	\$ 967,484,604	\$ 985,258,824	\$ 2,114,823,400	\$ 2,121,231,650	\$ 2,130,523,750	\$ 2,158,504,050	\$ 2,166,786,550
NVT Bal. December 31st	\$ 922,449,036	\$ 947,234,226	\$ 967,484,604	\$ 985,258,824	\$ 2,114,823,400	\$ 2,121,231,650	\$ 2,130,523,750	\$ 2,158,504,050	\$ 2,166,786,550	\$ 1,886,971,900
Change in NVT	\$ 41,391,563	\$ 24,785,190	\$ 20,250,378	\$ 17,774,220	\$ 1,129,564,576	\$ 6,408,250	\$ 9,292,100	\$ 27,980,300	\$ 8,282,500	\$ (279,814,650)
Percentage	4.70%	2.69%	2.14%	1.84%	114.65%	0.30%	0.44%	1.31%	0.38%	-12.91%

NOTE - Township had a Revaluation in 2005 and a Reassessment in 2010.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Drastic decrease in Fund Balance

Change in Fund Balance



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fund Bal. January 1st	\$ 2,969,526	\$ 1,974,526	\$ 2,868,018	\$ 2,759,273	\$ 1,683,328	\$ 1,883,620	\$ 2,155,130	\$ 2,214,984	\$ 1,680,931	\$ 859,283
Fund Bal. December 31st	\$ 1,974,526	\$ 2,868,018	\$ 2,759,273	\$ 1,683,328	\$ 1,883,620	\$ 2,155,130	\$ 2,214,984	\$ 1,680,931	\$ 859,283	\$ 879,122
Change in Fund Balance	\$ (995,000)	\$ 893,492	\$ (108,745)	\$ (1,075,945)	\$ 200,292	\$ 271,510	\$ 59,854	\$ (534,053)	\$ (821,649)	\$ 19,839
Percentage	-33.51%	45.25%	-3.79%	-38.99%	11.90%	14.41%	2.78%	-24.11%	-48.88%	2.31%

NOTE

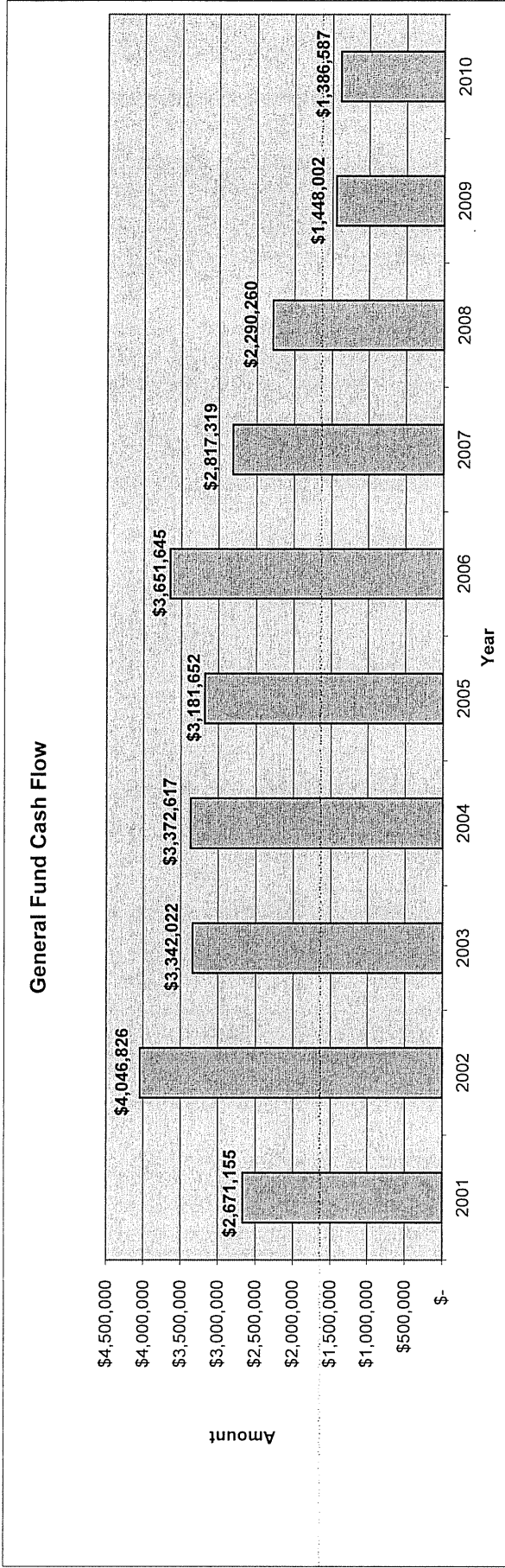
- 1.) The 2010 Fund Balance does not include the amount set aside for the Building Reserve.
- 2.) The Fund Balance is per the Annual Financial Statements and is more than can be utilized in the Budget because of State Statute.

Township of Mendham Financial Trend Monitoring System

Warning Trend: Decline Cash Balance

Formula:

Cash Balance as of December 31st

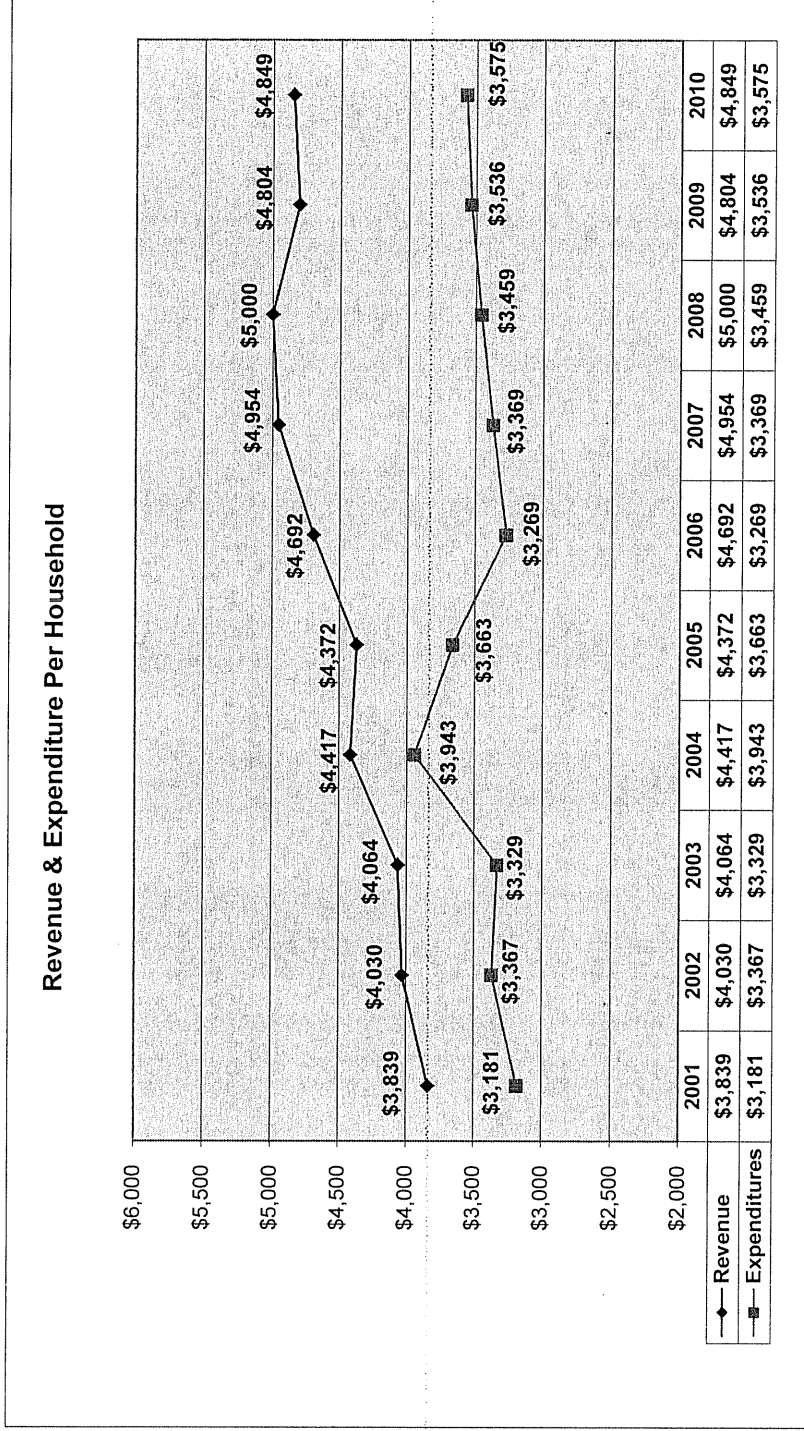


Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash Bal. Jan. 1st	\$ 3,589,974	\$ 2,671,155	\$ 4,046,826	\$ 3,342,022	\$ 3,372,617	\$ 3,181,652	\$ 3,651,645	\$ 2,817,319	\$ 2,290,260	\$ 1,448,002
Cash Bal. Dec. 31st	\$ 2,671,155	\$ 4,046,826	\$ 3,342,022	\$ 3,372,617	\$ 3,181,652	\$ 3,651,645	\$ 2,817,319	\$ 2,290,260	\$ 1,448,002	\$ 1,386,587
Change in Cash Balance	\$ (918,819)	\$ 1,375,671	\$ (704,804)	\$ 30,595	\$ (190,965)	\$ 469,993	\$ (834,326)	\$ (527,060)	\$ (842,258)	\$ (61,415)
Percentage	-25.59%	51.50%	-17.42%	0.92%	-5.66%	14.77%	-22.85%	-18.71%	-36.78%	-4.24%

Liquidity determines a Town's ability to meet its short term obligations. Poor levels of liquidity may be a sign of future economic disruption.

Township of Mendham Financial Trend Monitoring System

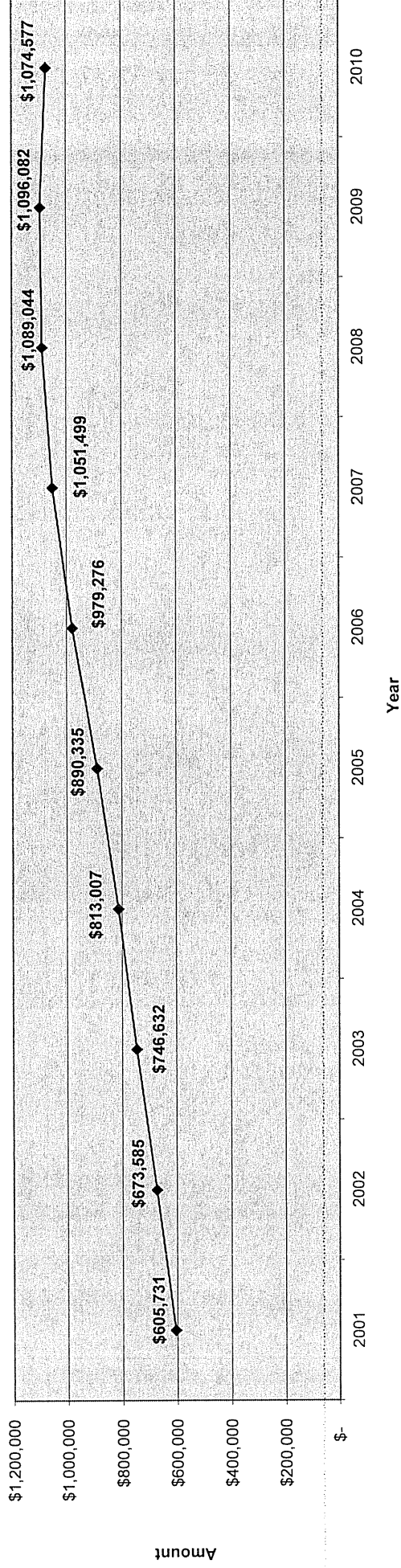
Warning Trend: Expenditure Per Household greater than Revenue Per Household



Township of Mendham Financial Trend Monitoring System

This indicator is used for comparison purposes only.

EQUALIZED VALUE PER HOUSEHOLD



Year End	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3 Yr. Avg. Equalized Valuation	\$ 1,159,369,680	\$ 1,309,449,919	\$ 1,457,425,673	\$ 1,588,371,128	\$ 1,770,875,989	\$ 1,946,801,091	\$ 2,096,688,371	\$ 2,183,534,123	\$ 2,210,797,541	\$ 2,173,868,729
Number of Households	1,914	1,944	1,952	1,966	1,989	1,988	1,994	2,005	2,017	2,023
EQ Value Per Household	\$ 605,731	\$ 673,585	\$ 746,632	\$ 813,007	\$ 890,335	\$ 979,276	\$ 1,051,499	\$ 1,089,044	\$ 1,096,082	\$ 1,074,577