

**MENDHAM TOWNSHIP
SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011

**SCHOOL DISTRICT
OF
MENDHAM TOWNSHIP**

***Mendham Township School District Board of Education
Mendham, New Jersey***

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011***

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of

BOARD OF EDUCATION

MENDHAM, NEW JERSEY

For the Fiscal Year Ended June 30, 2011

Prepared by

***The Mendham Township School District Board of Education
Finance Department***

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Secretary, State Board of Education**

**MENDHAM TOWNSHIP SCHOOL DISTRICT
OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

Mendham Township Board of Education

18 West Main Street * Post Office Box 510
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Superintendent
KHarrison@mendhamtwp.org
Fax 973-543-5537



Mrs. Deborah Muscara
School Business Administrator
DMuscara@mendhamtwp.org
973-543-7107 Ext. 230

November 22, 2011

The Honorable President and Members
of the Board of Education
Mendham Township School District
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mendham Township School District (the "District") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Mendham Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mendham Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for classified children. The District completed the 2010-11 fiscal year with an average daily enrollment of 857 students, which is an decrease of 9 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

The Mendham Township area is currently experiencing a period of slow development. The slow down in home sales resulted in a declined enrollment. The Mendham Township area is a highly desirable community in Morris County with a reputation for excellence in their schools.

3) MAJOR INITIATIVES:

Mendham Township continues to be a unique and special school district. Class size has been kept at an average below those recommended by the State of New Jersey. Our rationale is that the individual needs of students can best be served when the teacher has the time to work with each student and can plan accordingly. The nurturing environment of our District provides parents, teachers and students with many opportunities to exchange ideas, concerns, progress and problems. Further, it ensures that the concept of a partnership in the education of district youngsters is at the forefront of our program. The changes that do occur in our curriculum are based upon the direct needs of our students in relation to the state requirements and the New Jersey Core Curriculum Content Standards.

Our students continue to score above the State mean on the New Jersey Assessment of Skills and Knowledge in grades three through eight on the NJ ASK. We have met all of the indicators related to Adequate Yearly Progress as defined by No Child Left Behind. We offer an integrated preschool program for youngsters experiencing developmental language problems as well as a resource room and inclusion programs for classified students K-8. Speech and language services make up a significant part of our related services.

With the exception of severely handicapped youngsters, all special needs students are served by and in our local schools. Often we are asked to tailor programs to meet the special talents of youngsters and we have accomplished that through modified schedules, special curricular programs and cooperative programs with the regional high school.

The uniqueness of our small school district is most clearly seen in the scope of educational and extracurricular activities that are provided to our students. Currently, an extensive world language program is offered to our students in grades K-8, focusing on verbal, written, and cultural proficiencies. Students may participate in club programs, interscholastic sports (nine seasonal sports), consortium programs on a district, county and state level as well as national academic competitions. There is a student government program in grades 5-8. Many of our staff members give freely of their time to sponsor field experiences, outdoor education and teacher exchange programs. Teachers have received county, state and national recognition for programs in mathematics, science and world languages.

Mendham Township Public Schools do not stand still very long. We have a rich tradition of providing a sound program as well as being receptive to proven educational progress. Our students move forward, well prepared for secondary education mentally, physically, socially and emotionally.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of governmental funds and business type activities funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2011, the District has \$11,128,000 of outstanding bonded debt. The District also has \$256,105 of capital leases payable.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

As of June 30, 2011, the Board was a member of the NJ School Boards Association Insurance Group (NJSBAIG) and the Morris Essex Insurance Group (Group). The NJSBAIG and the Group are risk-sharing public entity risk funds that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the NJSBAIG and the Group is included in Note 11 to the Basic Financial Statements.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Cannone & Company, P.A., was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Mendham Township School District for their concern in providing fiscal accountability to the citizens and taxpayers of the

school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



Kristopher Harrison, Ed.D.
Superintendent

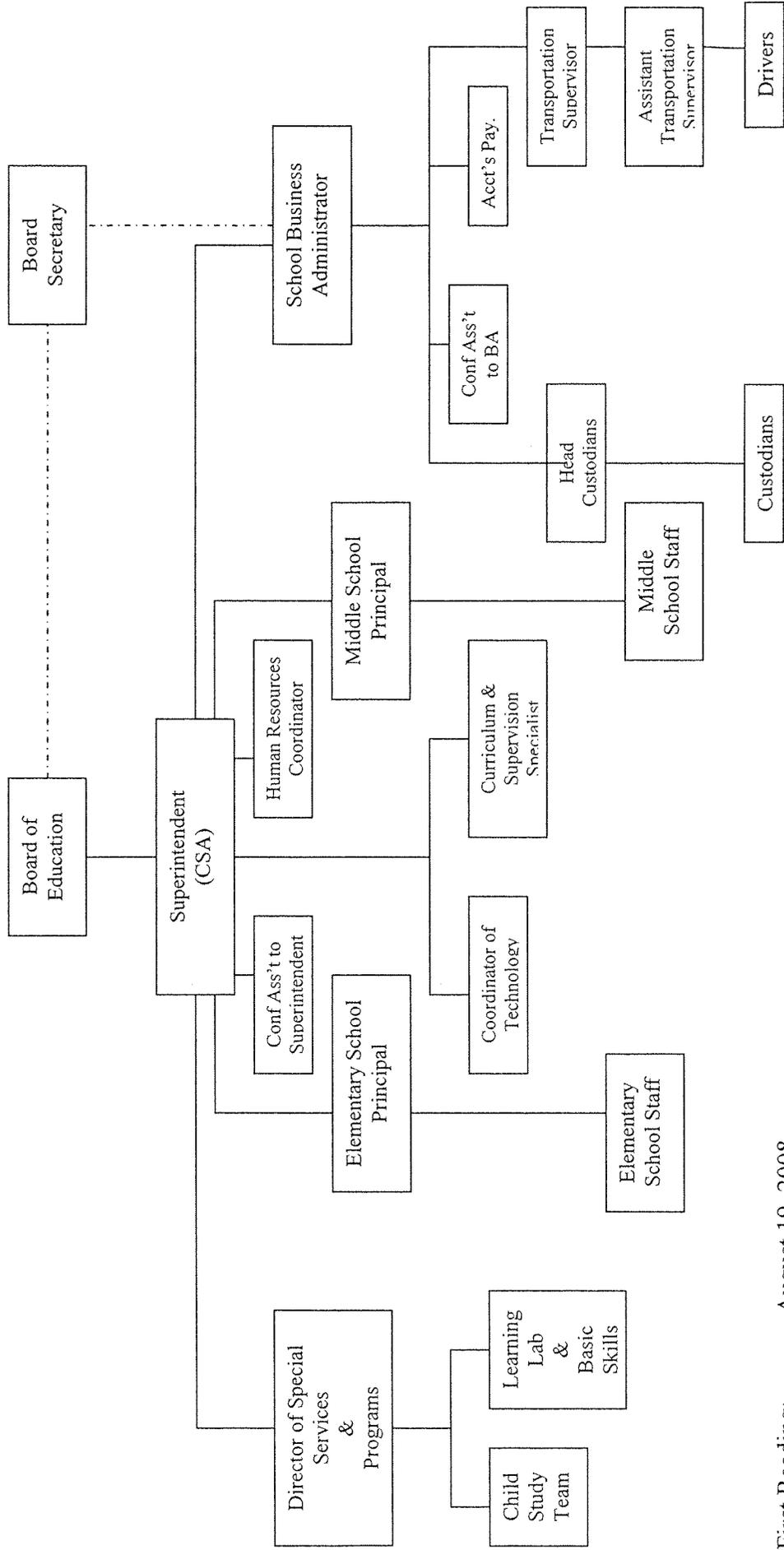


Deborah Muscara
Business Administrator/Board Secretary

Policy
Board Of Education of the Township Of Mendham
File Code: 2120

ORGANIZATIONAL CHART

Mendham Township Schools are organized to promote the efficient and effective operation of the policies established by the Board of Education.



First Reading: August 19, 2008
 Second Reading: September 23, 2008
 Adopted: September 23, 2008

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MENDHAM, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
George Davie, President	2013
Andrew Christmann, Vice President	2012
Jeff Brauner	2014
Carter Abel	2013
Paul DiMaio	2013
Jocelyn deGrandpre	2014
Rick Pappalardo	2012

Other Officials

Kristopher Harrison, Superintendent

Deborah Muscara, School Business Administrator/Board Secretary

Jonathan S. Rheinhardt, Treasurer

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MENDHAM, NEW JERSEY**

**CONSULTANTS AND ADVISORS
June 30, 2011**

Audit Firm

Cannone & Company, P.A.
485 Morris Avenue
Springfield, NJ 07081

Attorney

Apruzzese, McDermott, Mastro, and Murphy
P.O. Box 112
Liberty Corner, NJ 07938

Official Depository

The Bank of Somerset Hills
155 Morristown Road
Bernardsville, NJ 07924

FINANCIAL SECTION

CANNONE AND COMPANY, P.A.
Certified Public Accountants
485 Morris Avenue
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MEMBER:
American Society of Certified Public Accountants
New Jersey Society of Certified Public Accountants

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Mendham Township School District
County of Morris
Mendham, New Jersey

We have audited the accompanying general-purpose financial statements of the Mendham Township School District, in the County of Morris, State of New Jersey, as of and for the fiscal year ended June 30, 2011 as listed in the table of contents. These general-purpose financial statements are the responsibility of the Mendham Township School District management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Mendham Township School District in the County of Morris, State of New Jersey, as of June 30, 2011, and the results of its operations and the cash flows of its proprietary fund types (and similar trust fund types) for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the Mendham Township School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 16 and 54 through 69 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Mendham Township School District's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Additionally, the schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Nicholas A. Cannone
Licensed Public School Accountant
No. CS-02103
Cannone & Company, PA
Certified Public Accountants

November 30, 2011

***REQUIRED SUPPLEMENTARY INFORMATION
PART I***

MANAGEMENT'S DISCUSSION AND ANALYSIS

MENDHAM TOWNSHIP PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The discussion and analysis of Mendham Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School District's financial statements found in the Financial Section and the notes thereto.

The MD & A is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "*Basic Financial Statement -and Management's Discussion and Analysis – for State and Local Governments*" issued in June 1999.

Financial Highlights

Key Financial highlights for the 2010-2011 fiscal year are as follows:

- Transportation Income has been a major revenue source for the Mendham Township Board of Education from surrounding local school districts.
- Other major revenue sources include the tax levy and federal aid. State aid has been reduced drastically for the 2010-2011 school year..
- The major areas of expenditures include salaries, benefits, programs and instruction, technology and building and grounds.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mendham Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Mendham Township School District, the General Fund is the most significant fund, with the Special Revenue Fund and Debt Service Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2010-2011 fiscal year?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Fund Financial Statements

The analysis of the School District’s major (all) funds begins with exhibit B-1. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. Permanent Funds, which are trust oriented, do not apply to the Mendham Township School District.

Governmental Funds

The School District’s activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. In addition, the focus on the Governmental Funds is the current financial resources management focus, which relies on short term planning. The Governmental Fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental Fund information helps you, the reader, to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same. In addition, the accountability focus is on operational accountability. The measurement focus is on economic resources, which directs itself on a more long-term vision than in governmental funds.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal year 2011.

Table 1
Net Assets

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 872,593	\$ 89,918	\$ 962,511
Investments			-
Receivables, net	182,741		182,741
Inventory		3,918	3,918
Restricted assets:			
Cash and cash equivalents			-
Capital reserve account - cash	218,355		218,355
Capital assets, net (Note 4):	21,928,024	23,286	21,951,310
Interfund Receivable			-
Other assets			-
	<u>23,201,713</u>	<u>117,122</u>	<u>23,318,835</u>
LIABILITIES			
Accounts payable	\$ 30,545		30,545
Accrued Interest Expense	\$ 85,958		85,958
Deposits payable	\$ -		-
Payable to federal government	\$ -		-
Payable to state government	\$ -		-
Deferred revenue	\$ 6,902		6,902
Noncurrent liabilities (Note 5):			
Interfund Payable			
Due within one year	864,076		864,076
Due beyond one year	10,641,404		10,641,404
Total liabilities	<u>\$ 11,628,885</u>		<u>11,628,885</u>

NET ASSETS

Invested in capital assets, net of related debt	\$	10,543,919	23,286	10,567,205
Restricted for:				
Debt service	\$	17,138		17,138
Capital projects	\$	218,355		218,355
Other purposes	\$	489,416		489,416
Unrestricted (Deficit)	\$	<u>304,000</u>	<u>93,836</u>	<u>397,836</u>
Total net assets	\$	<u>\$ 11,572,828</u>	<u>117,122</u>	<u>\$ 11,689,950</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Table 2 shows the changes in net assets for fiscal year 2011 with selected comparative data for 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 995,938	\$1,125,361
Operating Grants and Contributions	\$1,154,400	1,261,776
General Revenues:		
Property Taxes	15,089,486	14,632,142
Federal and State Aid not restricted	229,266	687,855
Other Revenue	<u>443,351</u>	<u>748,972</u>
Total Revenues	17,912,441	18,456,106
<u>Program Expenses</u>		
Instruction	8,380,951	8,476,971
Support Services	7,911,475	8,144,388
Interest on Long Term Debt	448,985	692,111
Food Services	289,687	282,406
Other	38,976	390,159
Total Expenses	<u>17,070,074</u>	<u>17,986,035</u>
Increase/ (Decrease) in Net Assets	<u>842,367</u>	<u>470,071</u>

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Interest in Compensated absences unallocated is associated with legal obligations of the district for personnel costs.

Unallocated depreciation is associated with current year depreciation expenditures for capital assets.

Food Service includes costs for food service operations.

School District's Funds

The School District uses funds to control and manage money for particular purposes. The Fund's basic financial statement allows the School District to demonstrate its stewardship over and accountability for resources received from the Mendham Township Borough's taxpayer's and other entities for transportation, the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School District, and assess further the School District's overall financial health.

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the past three years, the district has implemented a zero-based budgeting approach whereby every expenditure is supported by rationale.

Over the course of the year, the School District revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures; for example having fewer state aid payments due to the state budget crisis.

A schedule showing the School District's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules.

Capital Assets

At June 30, 2011, the School District had approximately \$21,928,024 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Capital Assets at June 30, 2011		
Land	\$ 14,000	
Buildings and Improvement and Machinery and Equip.	<u>21,914,024</u>	<u>23,286</u>
Total	\$21,928,024	\$23,286

Long-Term Debt

At year-end, the District had \$11,068,000 in general obligation bonds outstanding – a reduction of \$742,000 in bonds from last year as well as a net decrease of \$663,179 of other long term liabilities – as shown below.

Outstanding Long-Term Liabilities

	<u>Total School District</u>		<u>Percentage</u>
	<u>2010-2011</u>	<u>2009-2010</u>	<u>Change</u>
General Obligation Bonds	\$11,128,000	\$11,868,000	-6.24%
Other Long-Term Liabilities	<u>256,105</u>	<u>330,860</u>	<u>-22.59%</u>
Total Long-Term Liabilities	\$11,384,105	\$12,198,860	- 6.79%

Economic Factors and Next Year's Budget

The Mendham Township Borough is primarily a residential community. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

For the 2010-2011 school year, the School District was able to sustain its general fund budget through the local tax levy, transportation agreements with local school districts, federal grants, and other miscellaneous revenues. Although the District participates in cooperative purchasing for electricity, consumption is dependent on variable weather conditions. Other rising utility costs include communications, refuse removal, sewage and water. The budget includes funds for repair and maintenance of the District's equipment. Special education programs and related services, including transportation, cannot be predicted with absolute certainty; however, the District maintains its commitment to meet the needs of these students.

The Mendham Township School District has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible for the students of Mendham Township. The Mendham Township School District is committed to annual review and evaluation of best practices.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Deborah Muscara, School Business Administrator/Board Secretary at Mendham Township Board of Education, 18 West Main Street, Brookside, NJ 07926.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

Mendham Township School District
Statement of Net Assets
6/30/2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 872,593	\$ 89,918	\$ 962,511
Investments			-
Receivables, net	182,741		182,741
Inventory		3,918	3,918
Restricted assets:			-
Cash and cash equivalents	-		-
Capital reserve account - cash	218,355		218,355
Capital assets, net (Note 4):	21,928,024	23,286	21,951,310
Interfund Receivable			-
Other assets			-
Total Assets	<u>23,201,713</u>	<u>117,122</u>	<u>23,318,835</u>
LIABILITIES			
Accounts payable	30,545		30,545
Accrued Interest Expense	85,958		85,958
Deposits payable			-
Payable to federal government			-
Payable to state government			-
Deferred revenue	6,902		6,902
Noncurrent liabilities (Note 5):			-
Interfund Payable			-
Due within one year	864,076		864,076
Due beyond one year	10,641,404		10,641,404
Total liabilities	<u>11,628,885</u>	<u>-</u>	<u>11,628,885</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,543,919	23,286	10,567,205
Restricted for:			-
Debt service	17,138		17,138
Capital projects	218,355		218,355
Other purposes	489,416		489,416
Unrestricted (Deficit)	304,000	93,836	397,836
Total net assets	<u>\$ 11,572,828</u>	<u>\$ 117,122</u>	<u>\$ 11,689,950</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Mendham Township School District
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 5,936,004	\$	\$ 359,119	\$	\$ (5,576,885)	\$	\$ (5,576,885)
Special education	1,933,287		305,475		(1,627,812)		(1,627,812)
Other special instruction	297,863		18,063		(279,800)		(279,800)
Vocational							
Other instruction	213,797		13,103		(200,694)		(200,694)
Nonpublic school programs							
Adult/continuing education programs							
Support services:							
Tuition	466,311		28,545		(437,766)		(437,766)
Student & instruction related services	1,784,887		122,395		(1,662,492)		(1,662,492)
School administrative services	612,648		37,343		(575,305)		(575,305)
General and business administrative services	573,421		34,629		(538,792)		(538,792)
Central Services	292,159		17,876		(274,283)		(274,283)
Plant operations and maintenance	1,943,369		87,040		(1,856,329)		(1,856,329)
Pupil transportation	2,230,068		125,599		(1,439,142)		(1,439,142)
Business and other support services							
Compensated absences	8,612		561		(8,051)		(8,051)
Unallocated Benefits							
Special schools							
Debt service							
Interest on long-term debt	448,985				(448,985)		(448,985)
Unallocated depreciation							
Total governmental activities	16,741,411		1,149,748		(14,926,336)		(14,926,336)
Business-type activities:							
Food Service	289,687		4,652			(11,282)	(11,282)
Enrichment Program	38,976				17,882		17,882
Total business-type activities	328,663		4,652		6,600		6,600
Total primary government	\$ 17,070,074		\$ 1,154,400		\$ (14,926,336)		\$ (14,919,736)
General revenues:							
Taxes:							
Property taxes, levied for general purposes.net					\$ 13,895,226		\$ 13,895,226
Taxes levied for debt service					1,194,260		1,194,260
Federal and State aid not restricted					229,266		229,266
Tuition received					4,168		4,168
Rental of Facilities					2,300		2,300
Investment Earnings					7,453	310	7,763
Refund from Issuance of Bonds							
Miscellaneous Income					56,807		56,807
Adjustments:							
Fixed Asset Writedowns/Adjustments					203,749		203,749
Capital Lease Payments					141,931	26,633	168,564
Compensated absences							
Income from debt refunding							
Total general revenues, special items, extraordinary items and transfers					15,735,160	26,943	15,762,103
Change in Net Assets					808,824	33,543	842,367
Net Assets—beginning					10,764,004	83,579	10,847,583
Net Assets—ending					11,572,828	117,122	11,689,950

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

Mendham Township School District
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 851,630	\$ 3,825		\$ 17,138	\$ 872,593
Investments					-
Capital Reserve Account					-
Receivables, net					-
Interfund receivable:					-
General fund					-
Special revenue					-
Capital projects fund					-
Debt service fund					-
Fiduciary fund - Unemployment compensation trust					-
Receivables from governments:					-
Federal		2,737			2,737
State	174,993				174,993
Other	5,011				5,011
Accounts Receivable - Other					-
Interest receivable on investments					-
Inventory					-
Restricted cash and cash equivalents	218,355				218,355
	<u>1,249,989</u>	<u>6,562</u>	<u>-</u>	<u>17,138</u>	<u>1,273,689</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	30,545				30,545
Accrued Interest					-
Interfund payable:					-
General fund					-
Capital projects fund					-
Debt service fund					-
Food service fund					-
Payable to federal government					-
Payable to state government					-
Deferred revenue	340	6,562			6,902
Total liabilities	<u>30,885</u>	<u>6,562</u>	<u>-</u>	<u>-</u>	<u>37,447</u>
Fund Balances:					
Reserved for:					
Encumbrances	68,112				68,112
Legally restricted -- unexpended additional spending proposal					-
Legally restricted -- designated for subsequent year's expenditures					-
Capital reserve account	218,355				218,355
Excess surplus	386,314				386,314
Excess surplus -- designated for subsequent year's expenditures	103,102				103,102
Other purposes					-
Unreserved, reported in:					
General fund:					
Designated for subsequent year's expenditures					-
Unreserved/undesignated	443,221				443,221
Special Revenue fund:					
Unreserved/undesignated					-
Debt service fund:					
Designated for subsequent year's expenditures				17,138	17,138
Unreserved/undesignated					-
Capital projects fund:					
Permanent fund					-
Total Fund balances	<u>1,219,104</u>	<u>-</u>	<u>-</u>	<u>17,138</u>	<u>1,236,242</u>
Total liabilities and fund balances	<u>\$ 1,249,989</u>	<u>\$ 6,562</u>	<u>\$ -</u>	<u>\$ 17,138</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Interest expense in the governmental funds is reported when due. In the statement of activities, interest on long-term debt is accrued.

(85,958)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,846,183 and the accumulated depreciation is \$7,918,159 (See Note 4).

21,928,024

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5)

(11,505,480)

Net assets of governmental activities

\$ 11,572,828

Mendham Township School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 13,895,226			\$ 1,194,260	\$ 15,089,486
Transportation Fees	665,327				665,327
Rental Facilities	2,300				2,300
Tuition charges	4,168				4,168
Interest on Investments	6,794				6,794
Interest Earned on Capital Reserve Funds	659				659
Miscellaneous	56,807	10			56,817
Total - Local Sources	14,631,281	10	-	1,194,260	15,825,551
State sources	1,165,177				1,165,177
Federal sources		213,827			213,827
Total revenues	15,796,458	213,837	-	1,194,260	17,204,555
EXPENDITURES					
Current:					
Regular instruction	4,437,121	10			4,437,131
Special education instruction	1,309,115	199,530			1,508,645
Other special instruction	223,477				223,477
Vocational education					-
Other instruction	161,488				161,488
Nonpublic school programs					-
Adult/continuing education programs					-
Support services and undistributed costs:					-
Tuition	352,220				352,220
Student & instruction related services	1,335,992	14,297			1,350,289
General administrative services	427,754				427,754
School administrative services	461,639				461,639
Central services	220,677				220,677
Plant operations and maintenance	1,075,483				1,075,483
Pupil transportation	1,551,820				1,551,820
Allocated benefits					-
Unallocated benefits	3,745,582				3,745,582
Special schools					-
Transfer to charter school					-
Debt service:					
Principal				740,000	740,000
Interest and other charges				455,255	455,255
Capital outlay	282,952				282,952
Total expenditures	15,585,320	213,837	-	1,195,255	16,994,412
Excess (Deficiency) of revenues over expenditures	211,138	-	-	(995)	210,143
OTHER FINANCING SOURCES (USES)					
Refund from Issuance of Bonds					-
Capital leases (non-budgeted)	45,409				45,409
Transfers - Capital Reserve					-
Transfers in					-
Transfers out					-
Total other financing sources and uses	45,409	-	-	-	45,409
Net change in fund balances	256,547	-	-	(995)	255,552
Fund balance—July 1	962,557	-	-	18,133	980,690
Fund balance—June 30	<u>\$ 1,219,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,138</u>	<u>\$ 1,236,242</u>

**Mendham Township School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)	\$	255,552
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense	\$	(769,716)
Capital Outlays		282,952
Fixed Asset Writedowns/Adjustments		<u>225,516</u>
		(261,248)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:</p>		
Repayment of Bond Principal		740,000
<p>Payment of long-term liabilities is an expenditure in the governmental funds and reduces long-term liabilities in the statement of net assets.</p>		
Capital Lease Payments	\$	141,931
Voluntary Separation of Service Program Payments		<u>141,931</u>
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
Proceeds of long-term debt		
Accrued interest received on bond issuance		
Acceptance of Voluntary Separation Program		
Capital lease proceeds		<u>(67,176)</u>
		(67,176)
<p>In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)</p>		
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		6,270
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(6,505)
Change in net assets of governmental activities		<u><u>\$ 808,824</u></u>

PROPRIETARY FUNDS

Mendham Township School District
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Enrichment Program	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,452	\$ 69,466	\$ 89,918
Investments			-
Accounts receivable			-
Other receivables			-
Interfund receivable - Food Service			-
Interfund receivable - General Fund			-
Inventories	3,918		3,918
Total current assets	24,370	69,466	93,836
Noncurrent assets:			
Restricted cash and cash equivalents			-
Furniture, machinery & equipment	96,955		96,955
Less accumulated depreciation	(73,669)		(73,669)
Total noncurrent assets	23,286	-	23,286
Total assets	47,656	69,466	117,122
LIABILITIES			
Current liabilities:			
Accounts payable			-
Interfund payable - Enrichment Fund			-
Interfund payable - Fiduciary Fund			-
Deposits payable			-
Compensated absences			-
Total current liabilities	-	-	-
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	-
NET ASSETS			
Invested in capital assets net of related debt	23,286		23,286
Restricted for:			
Capital projects			
Unrestricted	24,370	69,466	93,836
Total net assets	\$ 47,656	\$ 69,466	\$ 117,122

Exhibit B-5

Mendham Township School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities -		
	Food	Enrichment	Total
	Service	Program	Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ -	\$ -	\$ -
Daily sales - non-reimbursable programs	269,642		269,642
Miscellaneous	4,111	56,858	60,969
Total operating revenues	<u>273,753</u>	<u>56,858</u>	<u>330,611</u>
Operating expenses:			
Cost of sales	139,878		139,878
Salaries and Payroll Taxes	108,272	19,770	128,042
Management and Audit Fee	13,252		13,252
Show and Performance Expense		19,206	19,206
Other purchased professional services			-
Cleaning, repair and maintenance services			-
Depreciation	4,767		4,767
Insurance	14,837		14,837
Supplies and Materials	6,854		6,854
Miscellaneous expense	1,827		1,827
Total Operating Expenses	<u>289,687</u>	<u>38,976</u>	<u>328,663</u>
Operating income (loss)	<u>(15,934)</u>	<u>17,882</u>	<u>1,948</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program			-
Federal sources:			
National school lunch program			-
Special milk program	4,652		4,652
Food Distribution Program			-
Loss on disposal of fixed assets			-
Interest and investment revenue	172	138	310
Total nonoperating revenues (expenses)	<u>4,824</u>	<u>138</u>	<u>4,962</u>
Income (loss) before contributions & transfers	<u>(11,110)</u>	<u>18,020</u>	<u>6,910</u>
Capital contributions	-	-	-
Prior Period Adjustment	26,633		26,633
Transfers in (out)			-
Change in net assets	<u>15,523</u>	<u>18,020</u>	<u>33,543</u>
Total net assets—beginning	<u>32,133</u>	<u>51,446</u>	<u>83,579</u>
Total net assets—ending	<u>\$ 47,656</u>	<u>\$ 69,466</u>	<u>\$ 117,122</u>

Mendham Township School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Enrichment Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ (11,257)	\$ 17,882	\$ 6,625
Payments to employees			-
Payments for employee benefits			-
Payments to suppliers			-
Net cash provided by (used for) operating activities	<u>(11,257)</u>	<u>17,882</u>	<u>6,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources			-
Federal Sources - Special Milk Program	4,652		4,652
Operating subsidies and transfers to other funds	(17,844)	23,793	5,949
Net cash provided by (used for) non-capital financing activities	<u>(13,192)</u>	<u>23,793</u>	<u>10,601</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital contributions			-
Purchases of capital assets			-
Gain/Loss on sale of fixed assets (proceeds)			-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	172	138	310
Proceeds from sale/maturities of investments	-	-	-
Net cash provided by (used for) investing activities	<u>172</u>	<u>138</u>	<u>310</u>
Net increase (decrease) in cash and cash equivalents	(24,277)	41,813	17,536
Balances—beginning of year	44,729	27,653	72,382
Balances—end of year	<u>\$ 20,452</u>	<u>\$ 69,466</u>	<u>\$ 89,918</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (15,934)	\$ 17,882	1,948
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			-
Depreciation and net amortization	4,767		4,767
(Increase) decrease in accounts receivable	496		496
(Increase) decrease in inventories	(586)		(586)
(Increase) decrease in other current assets			-
Increase (decrease) in accounts payable			-
Food Commodities Program			-
Total adjustments	<u>4,677</u>	<u>0</u>	<u>4,677</u>
Net cash provided by (used for) operating activities	<u>(11,257)</u>	<u>17,882</u>	<u>6,625</u>

FIDUCIARY FUNDS

Mendham Township School District
Statement of Fiduciary Net Assets
Fiduciary Funds
6/30/2011

	Unemployment Compensation Trust	Flex Spending Trust	Agency Fund	
			Student Activity	Payroll
ASSETS				
Cash and cash equivalents	\$ 35,880	\$2,768	\$ 86,883	\$ 331,017
Interfund Rec-Enrichment Program				
Investments, at fair value:				
U.S. government obligations	-	-	-	-
NJ municipal bonds	-	-	-	-
Total investments	-	-	-	-
Total assets	<u>35,880</u>	<u>2,768</u>	<u>86,883</u>	<u>331,017</u>
LIABILITIES				
Accounts payable			-	-
Payable to district	-		-	-
Payable to student groups	-		86,883	-
Accrued Salaries and Wages	-			314,203
Interfund Payable - General Fund				-
Payroll deductions and withholdings			-	16,814
Total liabilities	<u>-</u>	<u>-</u>	<u>86,883</u>	<u>\$ 331,017</u>
NET ASSETS				
Held in trust for unemployment claims and other purposes	<u>\$ 35,880</u>		<u>\$ -</u>	<u>\$ -</u>
Reserved for scholarships				
Reserved for Flex Spending Claims		<u>\$ 2,768</u>		

Exhibit B-8

Mendham Township School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
ADDITIONS		
Contributions:		
Plan member	\$ 145,964	\$ 9,102
Other		
Total Contributions	<u>145,964</u>	<u>9,102</u>
Investment earnings:		
Net increase (decrease) in fair value of investments		
Interest	81	
Dividends		
Less investment expense		
Net investment earnings	<u>81</u>	<u>-</u>
Total additions	<u>146,045</u>	<u>9,102</u>
DEDUCTIONS		
Quarterly contribution reports	10,807	
Unemployment claims	94,795	
Flex Spending Claims		10,150
Scholarships awarded		
Refunds of contributions		
Administrative expenses		
Total deductions	<u>105,602</u>	<u>10,150</u>
Change in net assets	40,443	(1,048)
Net assets—beginning of the year	<u>(4,563)</u>	<u>3,816</u>
Net assets—end of the year	<u>\$ 35,880</u>	<u>\$ 2,768</u>

NOTES TO THE FINANCIAL STATEMENTS

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Mendham Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years. The District implemented the new model during the 2004 school year. In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended.

A. Reporting Entity:

The Mendham Township School District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (Board). The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school and a middle school located in the Borough of Oceanport. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued):

fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Proprietary Fund Type

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the District's cafeteria operations and enrichment program. The Food Service Fund and the Enrichment Program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Nonexpendable Trust Fund: A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Expendable Trust Funds: Expendable trust funds are used to account for the assets that the District holds whose principal and income may be expended in the course of their designated operations so that they are depleted by the end of their designated life.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2011.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued):

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues"	\$ 15,720,446	\$ 213,837
Adjust for State Aid Payment:		
Add: Prior Year Payment	76,012	
Less: Current Year Payment	0	
Adjust for Encumbrances:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
Total Revenues (GAAP Basis)	<u>\$ 15,796,458</u>	<u>\$ 213,837</u>
Uses/outflows of resources		
Actual amounts (budgetary) "total outflows"	\$ 15,585,320	213,837
Adjustments:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
Total Expenditures (GAAP Basis)	<u>\$ 15,585,320</u>	<u>\$ 213,837</u>

E. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Tuition Receivable/Payable

Tuition charges are established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year.

Accordingly, the tuition rate adjustments for the years 2006-2007 have been certified and finalized. Tuition charges for the years subsequent to the years 2006-2007 have been estimated and projected based on calculated tuition costs per pupil and number of students.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

I. Fixed Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets (continued):

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

J. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued):

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

K. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

L. Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

O. Memorandum Only - Total Columns:

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. Revenue – Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Revenue – Exchange and Nonexchange Transactions (Continued):

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, and tuition.

Q. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments are stated at cost, which approximates market. The Board 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 District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District 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 District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

A. Deposits:

New Jersey statutes require that school districts deposit public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agency of the United States that insure deposits. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds; or if the 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 or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued):

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are to be redeemed within one year, except that up to 25% of the Fund may be invested in eligible securities which mature within two years; provided, however, that the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized.

The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities

B. Investments:

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued):

- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Savings and Money Management	\$ 1,667,689 =====

All of the balances were covered by the either federal depository insurance or by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Program Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 – Insured or collateralized with securities held by the Board or by its agent in the Board’s name.

Category 2 – Collateralized with securities held by the pledging public depository’s trust department or agent in the Board’s name.

Category 3 – Uncollateralized including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board’s name.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued):

As of June 30, 2011, the Board has funds invested and on deposit in checking accounts, Money Market/Statement Savings and New Jersey Cash Management Account. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are summarized as follows:

<u>Risk Category</u>	<u>Amount</u>
1	\$ 1,667,689
2	
3	
	<u>\$ 1,667,689</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 4. CAPITAL ASSETS

Fixed asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	14,000	-	-	-	14,000
Total capital assets not being depreciated	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
<i>Capital assets being depreciated:</i>					
Site Improvements	522,020	122,192			644,212
Building and building improvements	25,748,230	21,796			25,770,026
Machinery and equipment	2,745,100	189,484	1,466	484,827	3,417,945
Totals at historical cost	<u>29,015,350</u>	<u>333,472</u>	<u>1,466</u>	<u>484,827</u>	<u>29,832,183</u>
Less accumulated depreciation for :					
Site Improvements	314,740	6,995			321,735
Building and improvements	4,448,206	498,904			4,947,110
Equipment	2,077,134	263,817	1,390	309,753	2,649,314
Total	<u>6,840,080</u>	<u>769,716</u>	<u>1,390</u>	<u>309,753</u>	<u>7,918,159</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>22,175,270</u>	<u>(436,244)</u>	<u>76</u>	<u>175,074</u>	<u>21,914,024</u>
Governmental activity capital assets, net	<u>\$ 22,189,270</u>	<u>\$ (436,244)</u>	<u>\$ 76</u>	<u>\$ 175,074</u>	<u>\$ 21,928,024</u>
Business-type activities:					
<i>Capital assets being depreciated:</i>					
Equipment	\$ 96,955	\$ -	\$ -		96,955
Less accumulated depreciation	<u>68,901</u>	<u>4,767</u>	<u>-</u>		<u>73,668</u>
Enterprise fund capital assets, net	<u>\$ 28,054</u>	<u>\$ (4,767)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,287</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 4. CAPITAL ASSETS (Continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	61,600
Special Education	593
Other Instruction	1,997
Student and Instruction Related Services	1,843
General and Business Administrative Services	7,109
School Administrative Services	1,475
Plant Operations and Maintenance	519,516
Pupil Transportation	175,583
Unallocated	-
Total	<u>769,716</u>

NOTE 5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 7/1/2010	Adjustments	Issued	Retired	Balance 6/30/2011	Amounts Due within One Year
Compensated Absences Payable	\$ 114,870		\$ 6,505	\$ -	\$ 121,375	
Bonds Payable	11,868,000		-	740,000	11,128,000	740,000
Capital Leases Payable	330,860	21,767	45,409	141,931	256,105	124,076
	<u>\$ 12,313,730</u>	<u>\$ 21,767</u>	<u>\$ 51,914</u>	<u>\$ 881,931</u>	<u>\$ 11,505,480</u>	<u>\$ 864,076</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 5. GENERAL LONG-TERM DEBT (Continued)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

The District had bonds outstanding as of June 30, 2011 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
12/01/2021	4.30 - 4.875%	250,000
12/01/2021	1.50 - 5.000%	3,105,000
04/01/2023	3.75 - 4.125%	<u>7,773,000</u>
		<u>\$ 11,128,000</u>

Principal and interest due on serial bonds and loans outstanding are as follows:

<u>Maturity Date</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 740,000	\$ 438,218	\$ 1,178,218
2013	815,000	400,880	1,215,880
2014	830,000	375,518	1,205,518
2015 - 2019	4,755,000	1,400,813	6,155,813
2020 - 2024	<u>3,988,000</u>	<u>308,108</u>	<u>4,296,108</u>
	<u>\$ 11,128,000</u>	<u>\$ 2,923,537</u>	<u>\$ 14,051,537</u>

During the fiscal year ended June 30, 2010, the Board of Education voted and authorized the issuance of Refunding School Bonds in the amount of \$3,120,000.

The purpose of the Bonds is to (i) advance refund all of the outstanding principal amount of School Bonds of the Board dated June 15, 2001 originally issued in the principal amount of \$5,237,000 maturing on or after December 1, 2012, in the total principal amount of \$3,162,000, at par on December 1, 2011, plus any unpaid accrued interest to the redemption date; and (ii) pay the costs of issuance associated with the Bonds.

B. Bonds Issued During the Year:

There were no new Bonds issued during the the year.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 5. GENERAL LONG-TERM DEBT (Continued)

C. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

D. Capital Leases Payable:

The District currently leases vehicles and technology equipment. The capital leases are for five (5) year terms. The following is a schedule of the future lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011:

	<u>Total</u>
Year ending June 20,	
2012	\$ 124,076
2013	91,380
2014	43,326
2015	<u>9,581</u>
	268,363
Less: Amount representing interest	<u>(12,258)</u>
Net minimum lease payments	<u><u>256,105</u></u>

NOTE 6. PENSION PLANS

Plan Descriptions

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirements, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 6. PENSION PLANS (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 6. PENSION PLANS (Continued)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$444,383 to the TPAF for normal pension benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$491,527 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 7. POST-EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

For the fiscal year ended June 30, 2011, the State of New Jersey contributed on behalf of the District \$444,384 to the TPAF for post-retirement benefits.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

All interfund balances on the balance sheet at June 30, 2011 were \$0.

NOTE 9. ACCOUNTS PAYABLE

Payables as of June 30, 2011 were:

	<u>Governmental Activities</u> <u>General Fund</u>	<u>Governmental Activities</u> <u>Special Revenue Fund</u>	<u>Business Type Activities</u> <u>Proprietary Funds</u>	<u>Fiduciary Fund</u> <u>Student Activities</u> <u>Agency Fund</u>
Accrued Salaries & Wages	\$ -	\$ -	\$ -	\$ 314,203
Vendors	30,545	-	-	-
	<u>\$ 30,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,203</u>

NOTE 10. CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2010-2011 fiscal year were subject to the Single Audit Act of 1984 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Substantially, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal (USDA) reimbursements and is subject to certain related federal regulations. The federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board and management do not believe such an audit would result in material amounts of disallowed costs.

NOTE 11. LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the financial position of the District.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account has been established by the Mendham Township School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

During the fiscal year ended June 30, 2011, the District had actual interest earnings of \$659. By board resolution, the district withdrew \$232,229 from the capital reserve for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan. At 06/30/2011, the Board approved a resolution to deposit anticipated current year surplus into the Capital Reserve in the amount of \$75,000.

NOTE 13. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance is \$386,314 at June 30, 2011 and excess surplus – designated for subsequent year's expenditures is \$103,102. The excess fund balance at June 30, 2010 was \$103,102. Pursuant to the provisions of Executive Order No. 14, \$0 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2010-11 withholding of state aid.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 14. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term account group. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore, is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by a benefits management company, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The Board has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Board offers several plan administrators for its employees to utilize.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

NOTE 16. RISK MANAGEMENT

The Board has contracted with a commercial insurance company to provide coverage for various losses caused by the Board on its employees for losses sustained through other acts. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section (Exhibit J-20).

The Board also maintains surety bond coverage on key financial employees.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District 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 District is billed quarterly for amounts due to the State.

***REQUIRED SUPPLEMENTARY INFORMATION
PART II***

BUDGETARY COMPARISON SCHEDULES

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,895,226	\$ -	\$ 13,895,226	\$ 13,895,226	\$ -
Tuition		-		4,168	4,168
Transportation Fees From Other LEAs	710,000	1,892	711,892	665,327	(46,565)
Rental of Facilities		-		2,300	2,300
Interest on Investments - Capital Reserve	1,000	(1,000)		659	659
Interest on Investments - Other		-		6,794	6,794
Miscellaneous	50,402	20,000	70,402	56,807	(13,595)
Total - Local Sources	14,656,628	20,892	14,677,520	14,631,281	(46,239)
State Sources:					
Transportation Aid		-			-
Special Education Aid	2,113	-	2,113	2,113	-
Bilingual Education		-			-
Extraordinary Aid		81,820	81,820	136,259	54,439
Additional Formula Aid		-			-
Security Aid		-			-
Consolidated Aid		-			-
Non-Public Transportation Aid		-		14,882	14,882
TPAF Pension and Post-Retirement (On-Behalf - Non-Budgeted)		-		444,384	444,384
TPAF Social Security (Reimbursed - Non-Budgeted)		-		491,527	491,527
Total State Sources	2,113	81,820	83,933	1,089,165	1,005,232
Federal Sources:					
Impact Aid		-			-
Medical Assistance Program		-			-
Total - Federal Sources	-	-	-	-	-
Total Revenues	14,658,741	102,712	14,761,453	15,720,446	958,993
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	233,293	(73,026)	160,267	156,993	3,274
Grades 1-5 - Salaries of Teachers	1,747,093	65,009	1,812,102	1,799,274	12,828
Grades 6-8 - Salaries of Teachers	2,167,595	(99,635)	2,067,960	2,067,960	-
Grades 9-12 - Salaries of Teachers		-			-
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(2,372)	7,628	7,628	-
Purchased Professional-Educational Services		-			-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	96,000	(68,525)	27,475	27,205	270
Purchased Professional-Educational Services		95,250	95,250	95,250	-
Purchased Technical Services	1,000	-	1,000	-	1,000
Other Purchased Services (400-500 series)	89,795	(16,802)	72,993	65,119	7,874
General Supplies	153,834	64,410	218,244	195,871	22,373
Textbooks	8,044	(4,000)	4,044	3,974	70
Other Objects	35,089	(2,000)	33,089	17,847	15,242
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,541,743	(41,691)	4,500,052	4,437,121	62,931

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL EDUCATION - INSTRUCTION					
Cognitive - Mild:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Cognitive - Mild	-	-	-	-	-
Cognitive - Moderate:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Cognitive - Moderate	-	-	-	-	-
Learning and/or Language Disabilities:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Learning and/or Language Disabilities	-	-	-	-	-
Visual Impairments:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Visual Impairments	-	-	-	-	-
Auditory Impairments:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Auditory Impairments	-	-	-	-	-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Behavioral Disabilities		-			-
Multiple Disabilities:					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-	-	-	-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Multiple Disabilities		-			-
Resource Room/Resource Center:					
Salaries of Teachers	914,774	117,184	1,031,958	996,499	35,459
Other Salaries for Instruction	168,319	43,721	212,040	212,040	-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	7,836	59	7,895	7,447	448
Textbooks		-			-
Other Objects		-			-
Total Resource Room/Resource Center	1,090,929	160,964	1,251,893	1,215,986	35,907
Autisim:					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Autisim		-			-
Preschool Disabilities - Part-Time:					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Preschool Disabilities - Part-Time		-			-

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	65,344	(914)	64,430	62,930	1,500
Other Salaries for Instruction	24,798	4,483	29,281	29,281	-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	6,000	-	6,000	890	5,110
Textbooks		-			-
Other Objects	400	-	400	28	372
Total Preschool Disabilities - Full-Time	<u>96,542</u>	<u>3,569</u>	<u>100,111</u>	<u>93,129</u>	<u>6,982</u>
Cognitive - Severe:					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Cognitive - Severe	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,187,471</u>	<u>164,533</u>	<u>1,352,004</u>	<u>1,309,115</u>	<u>42,889</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	223,040	410	223,450	222,063	1,387
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	1,461	200	1,661	1,414	247
Textbooks		-			-
Other Objects		-			-
Total Basic Skills/Remedial - Instruction	<u>224,501</u>	<u>610</u>	<u>225,111</u>	<u>223,477</u>	<u>1,634</u>
Bilingual Education - Instruction					
Salaries of Teachers	3,500	(3,500)	-	-	-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	350	-	350	-	350
Textbooks		-			-
Other Objects		-			-
Total Bilingual Education - Instruction	<u>3,850</u>	<u>(3,500)</u>	<u>350</u>	<u>-</u>	<u>350</u>
School-Spon. Athletics - Inst.					
Salaries of Teachers	64,174	4,591	68,765	59,343	9,422
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (300-500 series)	9,200	(4,200)	5,000	5,000	-
General Supplies	7,000	-	7,000	6,955	45
Textbooks		-			-
Other Objects	3,611	(391)	3,220	2,796	424
Total School-Spon. Athletics - Inst.	<u>83,985</u>	<u>-</u>	<u>83,985</u>	<u>74,094</u>	<u>9,891</u>

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	74,829	-	74,829	74,829	-
Purchased Services (300-500 series)	3,100	-	3,100	1,796	1,304
Supplies and Materials	3,000	200	3,200	2,971	229
Other Objects	10,599	(200)	10,399	7,798	2,601
Transfers to Cover Deficit (Agency Funds)		-			-
Total School-Spon. Cocurricular Actvts. - Inst.	91,528	-	91,528	87,394	4,134
Other Instructional Programs - Community Service					
Salaries		-			-
Purchased Services (300-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Transfers to Cover Deficit (Agency Funds)		-			-
Total Other Instructional Programs - Community Service	-	-	-	-	-
Total Instruction	6,133,078	119,952	6,253,030	6,131,201	121,829
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	2,000	(2,000)	-	-	-
Tuition to Private Schools for the Handicapped - Within State	126,128	237,707	363,835	342,828	21,007
Tuition to Private Schools for the Handicapped - Outside NJ		-			-
Tuition -County Voc School-Regular		-			-
Tuition -County Voc School-Special		-			-
Tuition - State Facilities		-			-
Tuition - Other	15,000	(5,000)	10,000	-	10,000
Tuition - Other LEA Within State-Special	251,760	(236,805)	14,955	9,392	5,563
Total Undistributed Expenditures - Instruction:	394,888	(6,098)	388,790	352,220	36,570
Undistributed Expend. - Speech & Social Work					
Salaries		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Total Undistributed Expend. - Speech & Social Work	-	-	-	-	-
Undist. Expend. - Health Services					
Salaries	173,400	16,891	190,291	190,291	-
Purchased Professional and Technical Services	3,000	219	3,219	1,881	1,338
Other Purchased Services (400-500 series)	620	-	620	6	614
Supplies and Materials	6,516	(1)	6,515	4,540	1,975
Other Objects		-			-
Total Undistributed Expenditures - Health Services	183,536	17,109	200,645	196,718	3,927
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	115,300	3,560	118,860	102,467	16,393
Purchased Professional - Educational Services	3,500	5,490	8,990	8,990	-
Supplies and Materials	2,164	-	2,164	1,978	186
Other Objects		-			-
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	120,964	9,050	130,014	113,435	16,579
Undist. Expend. - Other Supp. Serv. - Extraordinary Services					
Salaries of Other Professional Staff	81,239	(79,905)	1,334	49	1,285
Purchased Professional - Educational Services	177,599	(6,775)	170,824	147,382	23,442
Supplies and Materials		-			-
Total Undist. Expend. - Other Supp. Serv. - Extraordinary Services	258,838	(86,680)	172,158	147,431	24,727

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students-Reg.					
Salaries of Other Professional Staff	127,185	(705)	126,480	126,480	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	2,500	-	2,500	1,943	557
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	2,800	-	2,800	1,051	1,749
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	132,485	(705)	131,780	129,474	2,306
Undist. Expend. - Other Supp. Serv. Students - Special					
Salaries of Other Professional Staff	281,463	(10,213)	271,250	271,250	-
Salaries of Secretarial and Clerical Assistants	42,591	(4,784)	37,807	37,807	-
Purchased Prof- Educational Services	-	-	-	-	-
Other Purch Prof. and Tech. Services	5,000	(5,000)	-	-	-
Misc Purch Sev(400-500 series other than Resid Costs)	9,772	(1,878)	7,894	4,831	3,063
Supplies and Materials	7,096	-	7,096	6,721	375
Other Objects	531	-	531	-	531
Total Undist. Expend. - Other Supp. Serv. Students - Special	346,453	(21,875)	324,578	320,609	3,969
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	220,760	46,422	267,182	267,182	-
Salaries of Secr and Clerical Assist.	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Prof- Educational Services	-	-	-	-	-
Other Purch Prof. and Tech. Services	-	-	-	-	-
Other Purch Services (400-500)	15,200	-	15,200	2,076	13,124
Supplies and Materials	4,700	-	4,700	1,474	3,226
Other Objects	-	-	-	-	-
Total Undist. Expend. - Improvement of Inst. Serv.	240,660	46,422	287,082	270,732	16,350
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	133,694	306	134,000	132,500	1,500
Salaries of Secretarial and Clerical Assist	-	-	-	-	-
Purchased Prof. and Tech. Services	9,999	223	10,222	6,317	3,905
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	10,630	4,336	14,966	13,875	1,091
Other Objects	-	-	-	-	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	154,323	4,865	159,188	152,692	6,496
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	34,000	(34,000)	-	-	-
Salaries of Secretarial and Clerical Assist	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Serv	-	-	-	-	-
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	5,010	-	5,010	4,901	109
Supplies and Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Instructional Staff Training Serv.	39,010	(34,000)	5,010	4,901	109

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	305,448	(28,587)	276,861	276,261	600
Legal Services	40,000	(581)	39,419	17,827	21,592
Audit Fees	21,000	(1,487)	19,513	18,875	638
Other Purchased Professional Services	11,500	-	11,500	9,364	2,136
Communications/Telephone	52,500	-	52,500	43,955	8,545
BOE Other Purch. Services	3,000	-	3,000	1,324	1,676
Other Purchased Services (400-500 series)	48,400	(1,459)	46,941	31,773	15,168
Rental	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
General Supplies	7,000	154	7,154	1,245	5,909
BOE In-house training/meeting Supplies	500	-	500	456	44
Judgements Against The School Dist.	-	-	-	-	-
Miscellaneous Expenditures	10,450	7,616	18,066	18,066	-
BOE Memberships, Dues, & Fees	9,600	(748)	8,852	8,608	244
Total Undist. Expend. - Supp. Serv. - General Admin.	509,398	(25,092)	484,306	427,754	56,552
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	260,104	5,046	265,150	265,150	-
Salaries of Other Professional Staff	70,335	(15,902)	54,433	27,738	26,695
Salaries of Secretarial and Clerical Assistants	170,339	(16,704)	153,635	153,635	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	25,320	(8,941)	16,379	4,776	11,603
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	10,445	(550)	9,895	8,989	906
Rental	-	-	-	-	-
Other Objects	1,450	917	2,367	1,351	1,016
Total Undist. Expend. - Support Serv. - School Admin.	537,993	(36,134)	501,859	461,639	40,220
Undist. Expend. - Support Serv. - Central Services					
Salaries	184,700	3,708	188,408	188,408	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	25,700	1,088	26,788	26,788	-
Other Purchased Services (400-500 series)	4,500	-	4,500	747	3,753
Supplies and Materials	5,200	-	5,200	3,069	2,131
Miscellaneous Expenditures	1,800	-	1,800	1,665	135
Other Objects	-	-	-	-	-
Total Undist. Expend. - Support Serv. - Central Services	221,900	4,796	226,696	220,677	6,019
Undist. Expend. - Support Serv. - Admin Info Technology					
Salaries	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Miscellaneous Expenditures	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Support Serv. - Admin Info Technology	-	-	-	-	-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint.- School Facilities					
Salaries	35,152	90,896	126,048	126,048	-
Salaries of Secretarial and Clerical Assistants		-			-
Other Salaries		-			-
Salaries of Other Professional Staff		-			-
Cleaning, Repair and Maintenance Services	57,890	65,727	123,617	92,671	30,946
Other Purchased Property Services		-			-
Insurance		-			-
Miscellaneous Purchased Services-Rental		-			-
General Supplies	45,000	(19,501)	25,499	14,742	10,757
Energy (Energy and Electricity)		-			-
Other Objects		-			-
Total Undist. Expend. - Required Maint.- School Facilities	138,042	137,122	275,164	233,461	41,703
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	448,904	(119,620)	329,284	320,269	9,015
Salaries of Secretarial and Clerical Assistants		-			-
Other Salaries		-			-
Purchased Professional and Technical Services	7,825	46,468	54,293	46,805	7,488
Cleaning, Repair and Maintenance Services	28,600	2,539	31,139	28,609	2,530
Other Purchased Property Services	19,925	2,741	22,666	22,666	-
Insurance	83,757	3,705	87,462	87,462	-
Miscellaneous Purchased Services-Rental		-			-
General Supplies	47,500	(5,859)	41,641	38,264	3,377
Energy (Energy and Electricity)	301,800	(18,671)	283,129	276,271	6,858
Other Objects	3,000	-	3,000	895	2,105
Total Undist. Expend. - Other Oper. & Maint. Of Plant	941,311	(88,697)	852,614	821,241	31,373
Undist. Expend. - Custodial Services					
Salaries	76,000	(61,620)	14,380	13,612	768
Cleaning, Repair and Maintenance Services	4,000	701	4,701	4,681	20
General Supplies	2,500	1,260	3,760	2,488	1,272
Total Undist. Expend. - Custodial Services	82,500	(59,659)	22,841	20,781	2,060
Undist. Expend. - Student Transportation Serv.					
Management Fees - ESC & CTSA Transportation Programs	4,000	-	4,000	1,070	2,930
Salaries - (Between Home and School) - Reg	732,723	106,133	838,856	836,300	2,556
Salaries - (Between Home and School) - Spec Ed.	90,698	8,327	99,025	99,025	-
Salaries - (Other than Bet. Home and School)	36,338	37,679	74,017	62,549	11,468
Salaries - (Between Home and School) - NonPublic	9,400	1,508	10,908	6,908	4,000
Cleaning, Repair and Maintenance Services	167,080	(39,555)	127,525	127,525	-
Lease Pur. Pmts.-Schl Buses	94,000	55,605	149,605	149,605	-
Contract Services - (Other than Bet. Home and School) - Vendors	6,000	1,892	7,892	6,801	1,091
Contract Services - (Between Home and School) - Vendors		-			-
Contract Services - (Special Ed Stds) - Vendors		-			-
Contract Services - (Special Ed Stds) - Joint		-			-
Contract Services - (Reg Ed Stds) - ESCs & CTSA	6,200	249	6,449	5,702	747
Contract Services - (Special Ed Stds) - ESCs & CTSA	61,065	(27,195)	33,870	28,675	5,195
Contract Services - Aid in Lieu Of Payments-NonPub Sch	50,388	-	50,388	43,832	6,556
Miscellaneous Purchased Services-Transportation	14,500	451	14,951	14,951	-
Supplies and Materials	132,000	33,530	165,530	165,530	-
Other Objects	4,000	-	4,000	3,347	653
Total Undist. Expend. - Student Transportation Serv.	1,408,392	178,624	1,587,016	1,551,820	35,196
Undist. Expend. - Business and Other Support Serv.					
Salaries		-			-
Other Purchased Services (400-500 series)		-			-
Insurance		-			-
Supplies and Materials		-			-
Interest on Current Loans		-			-
Total Undist. Expend. - Business and Other Support Serv.	-	-	-	-	-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Regular Programs-Instruction-Employee Benefits					
Group Insurance		-			-
Social Security Contributions	271,376	(50,000)	221,376	216,513	4,863
T.P.A.F. Contributions - ERIP		-			-
Other Retirement Contributions - Regular	186,000	38,766	224,766	223,910	856
Interest for Lease Purchase		-			-
Unemployment Compensation	-	121,564	121,564	121,564	-
Workmen's Compensation	61,016	(8,645)	52,371	52,371	-
Health Benefits	1,077,605	78,585	1,156,190	1,144,640	11,550
Tuition Reimbursement	65,000	(21,398)	43,602	37,870	5,732
Other Employee Benefits	4,000	(1,574)	2,426	263	2,163
Total Regular Programs-Instuction-Employee Benefits	1,664,997	157,298	1,822,295	1,797,131	25,164
Special Programs-Instruction-Employee Benefits					
Workmen's Compensation	17,453	-	17,453	17,453	-
Health Benefits	255,021	39,129	294,150	291,751	2,399
Total Special Programs-Instuction-Employee Benefits	272,474	39,129	311,603	309,204	2,399
Health Services-Employee Benefits					
Workmen's Compensation	2,214	-	2,214	2,214	-
Health Benefits	29,571	(2,921)	26,650	26,650	-
Total Health Services-Employee Benefits	31,785	(2,921)	28,864	28,864	-
Other Supp Serv-Students-Related Serv					
Workmen's Compensation	2,682	-	2,682	2,682	-
Health Benefits	38,183	(19,351)	18,832	18,832	-
Total Other Supp Serv-Students-Related Serv	40,865	(19,351)	21,514	21,514	-
Other Supp Serv-Students-Extraordinary					
Workmen's Compensation	1,782	-	1,782	1,782	-
Health Benefits	58,735	(20,866)	37,869	37,869	-
Total Other Supp Serv-Students-Extraordinary	60,517	(20,866)	39,651	39,651	-
Other Supp Serv-Students-Regular					
Workmen's Compensation	2,214	-	2,214	2,214	-
Health Benefits	28,933	(12,326)	16,607	16,607	-
Total Supp Serv-Students-Regular	31,147	(12,326)	18,821	18,821	-
Other Supp Serv-Students-Special					
Workmen's Compensation	4,962	-	4,962	4,962	-
Health Benefits	91,406	(10,215)	81,191	81,191	-
Total Other Supp Serv-Students-Special	96,368	(10,215)	86,153	86,153	-
Educational Media Services-Sch.Library					
Workmen's Compensation	2,271	-	2,271	2,271	-
Health Benefits	32,122	(8,607)	23,515	23,515	-
Total Educational Media Services-Sch.Library	34,393	(8,607)	25,786	25,786	-
Support Services-General Admin					
Workmen's Compensation	3,782	-	3,782	3,782	-
Health Benefits	52,620	(5,824)	46,796	46,796	-
Total Support Services-General Admin	56,402	(5,824)	50,578	50,578	-
Support Services-School Admin					
Workmen's Compensation	7,416	-	7,416	7,416	-
Health Benefits	112,959	6,125	119,084	119,084	-
Total Support Services-School Admin	120,375	6,125	126,500	126,500	-
Support Services-Central Services					
Workmen's Compensation	2,601	-	2,601	2,601	-
Health Benefits	38,161	(1,088)	37,073	34,802	2,271
Total Support Services-Central Services	40,762	(1,088)	39,674	37,403	2,271
Operation and Mainte. of Plant Service					
Workmen's Compensation	7,576	-	7,576	7,576	-
Health Benefits	185,097	(40,815)	144,282	144,282	-
Total Operation and Mainte. of Plant Service	192,673	(40,815)	151,858	151,858	-
Student Transportation Services					
Workmen's Compensation	10,436	-	10,436	10,436	-
Health Benefits	276,747	(106,987)	169,760	105,772	63,988
Total Student Transportation Services	287,183	(106,987)	180,196	116,208	63,988
TOTAL UNALLOCATED BENEFITS	2,929,941	(26,448)	2,903,493	2,809,671	93,822
On-BEHALF CONTRIBUTIONS					

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF Post-Retirement (non-budgeted)					-
On-behalf TPAF Pension and Post-Retirement Contributions (non-budgeted)		-		444,384	(444,384)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		491,527	(491,527)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	935,911	(935,911)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,929,941	(26,448)	2,903,493	3,745,582	(842,089)
TOTAL UNDISTRIBUTED EXPENDITURES	8,640,634	12,600	8,653,234	9,171,167	(517,933)
TOTAL GENERAL CURRENT EXPENSE	14,773,712	132,552	14,906,264	15,302,368	(396,104)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	1,000	(1,000)			-
Equipment					
Regular Programs - Instruction:					
Preschool/Kindergarten		-			-
Grades 1-5		9,500	9,500	8,500	1,000
Grades 6-8		-			-
Grades 9-12		-			-
Home Instruction		-			-
Special Education - Instruction:					
Cognitive - Mild		-			-
Cognitive - Moderate		-			-
Learning and/or Language Disabilities		-			-
Visual Impairments		-			-
Auditory Impairments		-			-
Behavioral Disabilities		-			-
Multiple Disabilities		-			-
Resource Room/Resource Center		-			-
Autism		-			-
Preschool Disabilities - Part-Time		-			-
Preschool Disabilities - Full-Time		-			-
Cognitive - Severe		-			-
Basic Skills/Remedial - Instruction		-			-
Bilingual Education - Instruction		-			-
Vocational Programs - Local - Instruction		-			-
School-Sponsored and Other Instructional Program		-			-
Undistributed Expenditures - Instruction		-			-
Undist.Expend.-Support Serv.-Students - Reg.		-			-
Undist.Expend.-Support Serv. - Inst. Staff		-			-
Undistributed Expenditures - General Admin.		-			-
Undistributed Expenditures - School Admin.		-			-
Undistributed Expenditures - Operation of Plant Services		2,400	2,400	2,400	-
Schools Buses - Regular		-			-
Special Schools (All Programs)		-			-
Total Equipment	-	11,900	11,900	10,900	1,000

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Construction Services	-	205,560	205,560	197,860	7,700
Other Purchased Prof. Service	241,000	(214,330)	26,670	26,670	-
Capital Reserve Transfer to Capital Project		-			-
Other Objects	-	2,113	2,113	2,113	-
Total Facilities Acquisition and Construction Services	241,000	(6,657)	234,343	226,643	7,700
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
Capital Leases		-		45,409	(45,409)
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	45,409	(45,409)
TOTAL CAPITAL OUTLAY	242,000	4,243	246,243	282,952	(36,709)
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Summer School - Instruction	-	-	-	-	-
Summer School - Support Services					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Total Summer School - Support Services	-	-	-	-	-
Total Summer School	-	-	-	-	-
Other Special Schools - Instruction					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Other Special Schools - Instruction	-	-	-	-	-
Other Special Schools - Support Services					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Total Other Special Schools - Support Services	-	-	-	-	-
Total Other Special Schools	-	-	-	-	-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Accred. Even./Adult H.S./Post-Grad.-Inst.					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
		-			-
Total Accred. Even./Adult H.S./Post-Grad.-Inst.	-	-	-	-	-
Accred. Even./Adult H.S./Post-Grad.-Supp. Service					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
		-			-
Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service	-	-	-	-	-
Total Accred. Even./Adult H.S./Post-Grad.	-	-	-	-	-
Adult Education-Local-Instruction					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
		-			-
Total Adult Education-Local-Instruction	-	-	-	-	-
Adult Education-Local -Support Serv.					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
		-			-
Total Adult Education-Local -Support Serv.	-	-	-	-	-
Total Adult Education-Local	-	-	-	-	-
Vocational Evening-Local-Instruction					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
		-			-
Total Vocational Evening-Local-Instruction	-	-	-	-	-
Vocational Evening-Local-Support Serv.					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
		-			-
Total Vocational Evening-Local-Support Serv.	-	-	-	-	-
Total Vocational Evening-Local	-	-	-	-	-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Even.-Sch.-Foreign-Born-Local-Inst.					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Even.-Sch.-Foreign-Born-Local-Inst.	-	-	-	-	-
Even.-Sch.-Foreign-Born-Local-Sup. Serv.					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Total Even.-Sch.-Foreign-Born-Local-Sup. Serv.	-	-	-	-	-
Total Even.-Sch.-Foreign-Born-Local	-	-	-	-	-
TOTAL SPECIAL SCHOOLS	-	-	-	-	-
Transfer of Funds to Charter Schools					-
TOTAL EXPENDITURES	15,015,712	136,795	15,152,507	15,585,320	(432,813)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(356,971)	(34,083)	(391,054)	135,126	526,180
Other Financing Sources(Uses):					
Operating Transfer In:					
Cancellation of Prior Year Accounts Payable		-			-
Transfers - Capital Project - (Interest Income)					
Capital Leases (Non-Budgeted)		-		45,409	45,409
Operating Transfer Out:					
Transfers Out - Capital Projects - Capital Reserve		-			-
Total Other Financing Sources:	-	-	-	45,409	45,409
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(356,971)	(34,083)	(391,054)	180,535	571,589
Fund Balance, July 1	955,157		801,524	1,038,569	(237,045)
Fund Balance, June 30	<u>\$ 598,186</u>	<u>\$ (34,083)</u>	<u>\$ 410,470</u>	<u>\$ 1,219,104</u>	<u>\$ 334,544</u>
Recapitulation:					
Reserve for encumbrances				\$ 68,112	
Budgeted Fund Balance - Designated for Subsequent Year's Expenditures				-	
Excess Surplus				386,314	
Excess Surplus - Designated for Subsequent Year's Expenditures				103,102	
Capital Reserve				218,355	
Unrestricted Fund Balance				443,221	
				<u>1,219,104</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				-	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,219,104</u>	

Mendham Township School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ -	10	\$ 10	\$ 10	\$ -
State Sources	-	-	-	-	-
Federal Sources	143,759	70,068	213,827	213,827	-
Total Revenues	143,759	70,078	213,837	213,837	-
EXPENDITURES:					
Instruction					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Other Purchased Services (400-500 series)	190,329		190,329	190,329	-
General Supplies	9,211		9,211	9,211	-
Textbooks	-	-	-	-	-
Tuition	-	-	-	-	-
Total Instruction	-	199,540	199,540	199,540	-
Support Services					
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretaries & Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional and Technical Services	143,759	(129,962)	13,797	13,797	-
Other Purchased Professional Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Rentals	-	-	-	-	-
Contracted Services Transportation	-	-	-	-	-
Tuition	-	-	-	-	-
Travel	-	-	-	-	-
Other Purchased Services (400-500 series)	-	500	500	500	-
Supplies & Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Support Services	143,759	(129,462)	14,297	14,297	-

Mendham Township School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTD.)					
Facilities Acquisition and Construction Services:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Transfer to Charter School					
Total Expenditures	143,759	70,078	213,837	213,837	-
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Transfer Out to Whole School Reform (General Fund)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	143,759	70,078	213,837	213,837	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**Mendham Township School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2011**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue funds described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds.

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	\$ 15,720,446	[C-2]	\$ 213,837
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		-		
Prior year state aid payment recognized for GAAP purposes in current year		76,010		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 15,796,456	[B-2]	\$ 213,837
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	15,585,320	[C-2]	213,837
Differences - budget to GAAP				
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis.				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 15,585,320	[B-2]	\$ 213,837

OTHER SUPPLEMENTARY INFORMATION

***SPECIAL REVENUE FUND
DETAIL STATEMENTS***

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Mendham Township School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	No Child Left Behind Title II Part A	I.D.E.A.- ARRA Basic (2010-2012)	I.D.E.A. Part B Basic (2010-2011)	Preschool (2010-2011)	JCP&L Grant	Total
REVENUES						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10
State Sources	-	-	-	-	-	-
Federal Sources	13,797	22,613	168,216	9,201	-	213,827
Total Revenues	13,797	22,613	168,216	9,201	10	213,837

EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	22,113	168,216	9,201	10	190,329
General Supplies	-	-	-	-	-	9,211
Textbooks	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total instruction	-	22,113	168,216	9,201	10	199,540

Support services:						
Salaries of Other Professional Staff	-	-	-	-	-	-
Salaries -Support Staff	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
Purchased Professional and Technical Services	13,797	-	-	-	-	13,797
Other Purchased Professional Services	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-
Supplies & Materials	-	500	-	-	-	500
Total support services	13,797	500	-	-	-	14,297

Mendham Township School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	No Child Left Behind Title II Part A	I.D.E.A.- ARRA		I.D.E.A. Part B		JCP&L Grant	Total
		Basic (2010-2012)	Basic (2010-2011)	Preschool (2010-2011)			
EXPENDITURES (CONT'D):							
Facilities acquisition and const. serv.:							
Buildings	-	-	-	-	-	-	-
Instructional Equipment							-
Noninstructional Equipment							-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Transfer to Charter Schools							-
Total Expenditures	13,797	22,613	168,216	9,201	10		213,837
Other Financing Sources (Uses)							
Transfer In from General Fund							-
Contribution to Whole School Reform							-
Total Outflows	13,797	22,613	168,216	9,201	10		213,837
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

***PROPRIETARY FUNDS
DETAIL STATEMENTS***

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

***FIDUCIARY FUNDS
DETAIL STATEMENTS***

Fiduciary Funds are used to account for funds received by the school district for a specific purpose. Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Agency			Trust			Totals
	Student Activities	Payroll	Total Agency	Unemployment Compensation	Flexible Spending	Total Trust	
ASSETS:							
Cash and Cash Equivalents	\$ 86,833	\$ 331,017	\$ 417,850	\$ 35,880	\$ 2,768	\$ 38,648	\$ 456,498
Interfund Receivable - Enrichment Program Enterprise Fund							
Total Assets	\$ 86,833	\$ 331,017	\$ 417,850	\$ 35,880	\$ 2,768	\$ 38,648	\$ 456,498
LIABILITIES:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable - General Fund							
Accrued Salaries and Wages		314,203	314,203				314,203
Payroll Deductions and Withholdings		16,814	16,814				16,814
Due to Student Groups	86,833		86,833				86,833
Total Liabilities	\$ 86,833	\$ 331,017	\$ 417,850	\$ -	\$ -	\$ -	\$ 417,850
NET ASSETS:							
Reserved for Unemployment Claims	\$ -	\$ -	\$ -	\$ 35,880	\$ -	\$ 35,880	\$ 35,880
Reserved for Flexible Spending Claims					2,768	2,768	2,768
Total Net Assets	\$ -	\$ -	\$ -	\$ 35,880	\$ 2,768	\$ 38,648	\$ 38,648

MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Total Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 145,964	\$ 9,102	\$ 155,066
	<u>\$ 145,964</u>	<u>\$ 9,102</u>	<u>\$ 155,066</u>
Total Contributions			
Investment Earnings:			
Interest	\$ 81	-	\$ 81
	<u>\$ 81</u>	<u>-</u>	<u>\$ 81</u>
Net Investment Earnings			
	<u>\$ 146,045</u>	<u>\$ 9,102</u>	<u>\$ 155,147</u>
Total Additions			
DEDUCTIONS:			
Bank Charges	\$ -	-	\$ -
Administrative Fees		300	
Quarterly Contribution Payments	10,807	-	10,807
Unemployment Claims	94,795	-	94,795
Flexible Spending Claims	-	9,850	9,850
	<u>\$ 105,602</u>	<u>\$ 10,150</u>	<u>\$ 115,452</u>
Total Deductions			
	<u>\$ 40,443</u>	<u>\$ (1,048)</u>	<u>\$ 39,695</u>
Change in Net Assets			
	<u>\$ (4,563)</u>	<u>\$ 3,816</u>	<u>\$ (747)</u>
Net Assets - Beginning of Fiscal Year			
Net Assets - End of Fiscal Year	<u>\$ 35,880</u>	<u>\$ 2,768</u>	<u>\$ 38,948</u>

Exhibit H-3

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Schools</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Elementary School				
Student Activities	\$ 10,954	\$ 24,640	\$ 22,685	\$ 12,909
Middle School:				
Athletic Activities	3,198	5,033	6,926	1,305
Student Activities	35,594	196,405	159,330	72,669
Total	<u>\$ 49,746</u>	<u>\$ 226,078</u>	<u>\$ 188,941</u>	<u>\$ 86,883</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Disbursements	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	46,566	226,078	185,761	86,883
Interfund Receivable - Enrichment Program Enterprise Fund	\$ 3,180	\$	\$ 3,180	\$ -
Total assets	<u>\$ 49,746</u>	<u>\$ 226,078</u>	<u>\$ 188,941</u>	<u>\$ 86,883</u>
LIABILITIES:				
Due to Student Groups	\$ 49,746	\$ 226,078	\$ 188,941	\$ 86,883
Total liabilities	<u>\$ 49,746</u>	<u>\$ 226,078</u>	<u>\$ 188,941</u>	<u>\$ 86,883</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Disbursements	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	\$ 372,158	\$ 11,133,235	\$ 11,174,376	\$ 331,017
Total assets	<u>\$ 372,158</u>	<u>\$ 11,133,235</u>	<u>\$ 11,174,376</u>	<u>\$ 331,017</u>
LIABILITIES:				
Accrued Salaries and Wages	\$ 358,313	\$ 313,944	\$ 358,054	\$ 314,203
Payroll deductions and withholdings	<u>13,845</u>	<u>10,819,291</u>	<u>10,816,322</u>	<u>16,814</u>
Total liabilities	<u>\$ 372,158</u>	<u>\$ 11,133,235</u>	<u>\$ 11,174,376</u>	<u>\$ 331,017</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, mortgages payable, term loans and obligations under capital leases.

MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
 June 30, 2011

Series	Amount of Original Issue	Amount Outstanding July 1, 2010	Adjustments	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2011
2007 34 Passenger Buses (2)	\$ 143,766	\$ 30,002	\$	\$	\$ 30,002	\$ 0
2007 1.C. 54 Passenger Buses (2)	150,600	60,264			27,969	32,295
2008 Ford F350 (1)	26,834	0	21,767		5,212	16,555
2009 54 Passenger Buses (2)	227,191	136,242			44,131	92,111
2010 24 Passenger Bus (1)	132,258	104,352			25,036	79,316
2011 Thomas 54 Passenger Buses (2)	45,409	0		45,409	9,581	35,828
		<u>\$ 330,860</u>	<u>\$ 21,767</u>	<u>\$ 45,409</u>	<u>\$ 141,931</u>	<u>\$ 256,105</u>

Mendham Township School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,194,260	\$ -	\$ 1,194,260	\$ 1,194,260	\$ -
Debt Service Aid Type II	-	-	-	-	-
Total Revenues	1,194,260	-	1,194,260	1,194,260	-
EXPENDITURES:					
Regular Debt Service:					
Interest	455,255	-	455,255	455,255	-
Redemption of Principal	740,000	-	740,000	740,000	-
Total Regular Debt Service	1,195,255	-	1,195,255	1,195,255	-
Total expenditures	1,195,255	-	1,195,255	1,195,255	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(995)	-	(995)	(995)	-
Other Financing Sources:					
Refund of excess costs associated with Issuance of Refunding Bonds	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(995)	-	(995)	(995)	-
Fund Balance, July 1	995	-	997	18,133	17,136
Fund Balance, June 30	-	-	2	17,138	17,136
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (995)	\$ -	\$ (995)	\$ (995)	\$ -
Budgeted Fund Balance					

STATISTICAL SECTION

INTRODUCTION TO THE STATISTICAL SECTION

**Mendham Township School District
Introduction to the Statistical Section**

<u>Contents</u>	<u>Page</u>
Financial Trends	81-87
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	
Revenue Capacity	88-91
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	
Debt Capacity	92-95
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	
Demographic and Economic Information	96-97
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	
Operating Information	98-102
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	

FINANCIAL TRENDS

MENDHAM TOWNSHIP SCHOOL DISTRICT
Net Assets by Component,
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2006	2007	2008	2009	2010	2011
Governmental activities						
Invested in capital assets, net of related debt	\$ 2,722,922	\$ 7,710,176	\$ 8,625,838	\$ 8,826,035	\$ 9,687,653	\$ 9,990,410
Restricted (Deficit)	1,066,711	197,456	(136,018)	870,531	865,404	612,132
Unrestricted (Deficit)	(202,801)	(57,261)	4,195	(96,887)	(281,534)	161,462
Total governmental activities net assets	\$ 3,586,832	\$ 7,850,371	\$ 8,494,015	\$ 9,599,679	\$ 10,271,523	\$ 10,764,004
Business-type activities						
Invested in capital assets, net of related debt	\$ 66,339	\$ 57,770	\$ 50,524	\$ 43,278	\$ 32,597	\$ 28,054
Restricted	(13,520)	(4,758)	24,238	31,932	60,631	55,524
Total business-type activities net assets	\$ 52,819	\$ 53,012	\$ 74,762	\$ 75,210	\$ 93,228	\$ 83,578
District-wide						
Invested in capital assets, net of related debt	\$ 2,789,261	\$ 7,767,946	\$ 8,676,362	\$ 8,869,313	\$ 9,720,250	\$ 10,018,464
Restricted (Deficit)	1,066,711	197,456	(136,018)	870,531	865,404	509,030
Unrestricted (Deficit)	(216,321)	(62,019)	28,433	(64,955)	(220,903)	320,088
Total district net assets	\$ 3,639,651	\$ 7,903,383	\$ 8,568,777	\$ 9,674,889	\$ 10,364,751	\$ 10,847,582

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MENDHAM TOWNSHIP SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities							
Instruction							
Regular	\$ 5,210,075	\$ 5,646,404	\$ 6,135,441	\$ 6,656,979	\$ 6,237,100	\$ 6,127,602	\$ 5,936,004
Special education	1,481,085	1,494,947	1,498,504	1,641,756	1,441,606	1,810,047	1,933,287
Other special education	220,603	114,289	202,342	195,073	253,106	277,347	297,863
Vocational							
Other instruction	175,845	122,250	162,729	165,542	182,525	261,975	213,797
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Tuition	519,371	393,492	360,186	306,812	386,358	322,001	466,311
Student & instruction related services	1,459,505	1,601,142	1,867,542	1,840,439	1,878,059	2,080,056	1,794,887
School Administrative services	671,049	718,308	697,148	716,071	658,642	669,829	612,648
General administration	563,000	511,035	497,791	613,511	611,650	564,800	573,421
Central Services	274,000	268,389	289,291	264,534	263,448	303,964	292,159
Plant operations and maintenance	1,224,767	1,629,316	1,430,314	1,552,969	1,715,131	1,876,534	1,943,369
Administrative information technology							
Pupil transportation	1,408,806	1,620,692	1,742,297	1,680,610	2,300,379	2,339,504	2,230,068
Other support services							
Compensated Absences							8,612
Unallocated Benefits							
Charter Schools			5,813				
Interest on long-term debt	634,309	505,440	589,520	644,408	528,898	692,111	448,985
Capital Outlay	4,221	113,407	188,614	329,116	-	-	-
Unallocated depreciation				322,950	291,705	335,953	-
Total governmental activities expenses	13,846,636	14,739,121	15,667,532	16,930,770	16,748,607	17,661,723	16,741,411
Business-type activities:							
Food service	212,756	201,712	260,541	280,090	275,114	282,406	289,687
Enrichment Program			55,647	131,875	112,685	54,206	38,976
Total business-type activities expense	212,756	201,712	316,188	411,965	387,799	336,612	328,663
Total district expenses	\$ 14,059,392	\$ 14,940,833	\$ 15,983,720	\$ 17,342,735	\$ 17,136,406	\$ 17,998,335	\$ 17,070,074
Program Revenues							
Governmental activities:							
Charges for services:							
Instruction (tuition)	\$ 116,928	\$ 104,383	\$ 103,875	\$ 56,105	\$ 48,004	\$ -	\$ -
Special Education	1,650						
Plant Operations and Maintenance	463,242	727,568	870,024	789,595	776,965	798,722	665,327
Pupil transportation							
Central and other support services							
Operating grants and contributions	1,484,696	1,638,313	2,054,565	2,122,348	1,059,396	1,270,120	1,149,748
Capital grants and contributions							
Total governmental activities program revenues	2,066,516	2,470,264	3,028,464	2,968,048	1,884,365	2,068,842	1,815,075

MENDHAM TOWNSHIP SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Business-type activities:							
Charges for services							
Food service	197,361	196,551	252,690	257,604	274,418	270,759	273,753
Enrichment Program			61,863	148,506	137,636	55,880	56,858
Operating grants and contributions	2,364	4,608	4,451	4,657	3,299	3,956	4,652
Capital grants and contributions							
Total business type activities program revenues	199,725	201,159	319,004	410,767	415,353	330,595	335,263
Total district program revenues	2,266,241	2,671,423	3,347,468	3,378,815	2,299,718	2,399,437	2,150,338
Net (Expense)/Revenue							
Governmental activities	\$ (11,780,120)	\$ (12,268,857)	\$ (12,639,068)	\$ (13,962,722)	\$ (14,864,242)	\$ (15,592,881)	\$ (14,926,336)
Business-type activities	(13,031)	(553)	2,816	(1,198)	27,554	(6,017)	6,600
Total district-wide net expense	\$ (11,793,151)	\$ (12,269,410)	\$ (12,636,252)	\$ (13,963,920)	\$ (14,836,688)	\$ (15,598,898)	\$ (14,919,736)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 10,595,451	\$ 11,458,965	\$ 11,887,760	\$ 12,466,917	\$ 12,911,684	\$ 13,428,151	\$ 13,895,226
Taxes levied for debt service	1,163,747	1,139,747	1,159,099	1,240,672	1,230,597	1,203,991	1,194,260
Unrestricted grants and contributions	197,734	3,749,077	87,483	1,128,402	866,145	687,855	229,266
Cancellation of Prior Year Accounts Payable			31,630	76,439			
Payments in lieu of taxes							
Tuition Received							4,168
Rental of Facilities							2,300
Investment earnings	138,405	83,906	34,564	8,853	27,646	25,272	7,453
Refund from issuance of bonds							12,761
Miscellaneous income	4,624	100,701	99,802	147,103	34,758	48,242	56,807
Capital lease payments					245,309	114,316	141,931
Fixed assets					219,946	(100,610)	203,749
Compensated absences						433,993	
Transfers			(17,626)				
Income from debt refunding						231,391	
Other Adjustments							
Total governmental activities	12,099,961	16,532,396	13,282,712	15,068,386	15,536,085	16,085,362	15,735,160
Business-type activities:							
Investment earnings							310
Fixed assets	542	746	1,308	1,646	1,145	463	26,633
Transfers					(10,681)	(4,095)	
Total business-type activities	542	746	1,308	1,646	1,145	463	26,633
Total district-wide	\$ 12,100,503	\$ 16,533,142	\$ 13,301,646	\$ 15,070,032	\$ 15,526,549	\$ 16,081,730	\$ 15,762,103
Change in Net Assets							
Governmental activities	\$ 319,841	\$ 4,263,539	\$ 643,644	\$ 1,105,664	\$ 671,843	\$ 492,481	\$ 808,824
Business-type activities	(12,489)	193	21,750	448	18,018	(9,649)	33,543
Total district	\$ 307,352	\$ 4,263,732	\$ 665,394	\$ 1,106,112	\$ 689,861	\$ 482,832	\$ 842,367

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MENDHAM TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved	\$ 884,661	\$ 860,101	\$ 884,009	\$ 859,536	\$ 880,478	\$ 642,204	\$ 775,883
Unreserved	453,669	426,268	428,942	380,258	340,382	320,355	443,221
Total general fund	<u>\$ 1,338,330</u>	<u>\$ 1,286,369</u>	<u>\$ 1,312,951</u>	<u>\$ 1,239,794</u>	<u>\$ 1,220,860</u>	<u>\$ 962,559</u>	<u>\$ 1,219,104</u>
All Other Governmental Funds							
Reserved	\$ -	281,273					
Unreserved, reported in:							
Special revenue fund	25,939	(1,000,030)	(1,020,029)				
Capital projects fund							
Debt service fund	156,111	56,112	2	10,995	11,990	18,133	17,138
Permanent fund							
Total all other governmental funds	<u>\$ 182,050</u>	<u>\$ (662,645)</u>	<u>\$ (1,020,027)</u>	<u>\$ 10,995</u>	<u>\$ 11,990</u>	<u>\$ 18,133</u>	<u>\$ 17,138</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MENDHAM TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues							
Local Tax levy	\$ 11,759,198	\$ 12,598,712	\$ 13,046,859	\$ 13,707,589	14,142,281	14,632,142	15,089,486
Tuition	116,928	104,383	103,875	56,105	48,004	-	4,168
Transportation Fees from other LEA's	463,242	727,568	870,024	789,595	776,965	798,722	665,327
Interest Earned on Capital Reserve Funds	4,273	9,089	13,468	8,852	4,323	2,632	659
Other Local Revenue	140,406	175,518	120,898	154,604	58,576	71,377	65,911
State sources	1,494,987	5,203,186	1,959,704	3,054,350	1,735,356	1,598,509	1,165,177
Federal sources	187,443	184,204	182,344	188,900	189,690	358,971	213,827
Total revenue	14,166,477	19,002,660	16,297,172	17,959,995	16,955,195	17,462,353	17,204,555
Expenditures							
Instruction:							
Regular	3,972,987	4,436,497	4,509,685	4,642,008	4,855,980	4,687,776	4,437,131
Special	1,149,503	1,159,688	1,074,240	1,201,206	1,167,065	1,469,607	1,508,645
Other Special	165,245	101,661	170,190	190,073	198,673	214,022	223,477
Other	139,908	121,819	156,486	165,542	143,131	201,329	161,488
School-Sponsored/Other Instructional	-	-	-	-	-	-	-
Total Instruction	5,427,643	5,819,665	5,910,601	6,198,829	6,364,849	6,572,734	6,330,741
Undistributed:							
Instruction							
Tuition	519,371	393,492	360,186	306,812	303,268	248,481	352,220
Support Services-Students	1,135,074	1,223,263	1,364,083	1,359,924	1,477,508	1,612,335	1,350,289
General Administration	470,432	462,529	453,266	518,193	479,029	434,222	427,754
School Administration	512,066	536,353	500,939	545,922	515,785	515,703	461,639
Central	214,931	214,598	238,030	202,586	206,791	234,562	220,677
Operations and Maintenance	898,186	1,237,743	1,102,675	1,244,937	1,222,982	1,308,485	1,075,483
Student Transportation	1,198,570	1,358,485	1,464,122	1,656,457	1,695,192	1,691,479	1,551,820
Business and Other Support Services:							
Employee Benefits							
Other							
On-behalf TPAF Pension Contributions							
Reimbursed TPAF Social Security Contributions							
Allocated Benefits	2,558,403	1,651,669	1,794,526	2,250,633	2,439,187	-	-
Unallocated Benefits	7,507,033	1,123,350	1,587,022	1,208,731	869,211	3,627,036	3,745,582
Total Undistributed	11,173,016	8,201,482	8,864,849	9,294,195	9,208,953	9,672,303	9,165,464

MENDHAM TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Charter Schools							
Capital Outlay	10,552,313	4,810,963	1,114,270	506,466	396,921	403,886	282,952
Debt Service	1,238,747	1,239,746	1,215,209	1,229,679	1,229,602	1,210,609	1,195,255
Total Governmental Fund Expenditures	24,725,736	20,071,856	17,110,742	17,229,169	17,200,325	17,859,532	16,994,412
Excess (Deficiency) of revenues over (under) expenditures	(10,559,259)	(1,069,196)	(813,570)	730,826	(245,130)	(397,179)	210,143
Other Financing sources (uses)							
Capital leases (non-budgeted)	170,000	172,540	468,766	150,600	227,191	132,258	45,409
Refund from issuance of bonds						12,761	
Adjustment - accounts payable			31,630	76,439			
Transfers in	110,952	74,817	21,096	1			
Transfers out	(110,952)	(74,817)	(38,722)	(1)			
Total other financing sources (uses)	170,000	172,540	482,770	227,039	227,191	145,019	45,409
Net change in fund balances	\$ (10,389,259)	\$ (896,656)	\$ (330,800)	\$ 957,865	(17,939)	(252,160)	255,552
Debt service as a percentage of noncapital expenditures	8.74%	8.12%	7.60%	7.35%	7.32%	6.94%	7.15%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

MENDHAM TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>TUITION</u>	<u>INTEREST ON INVESTMENTS</u>	<u>TRANSPORTATION FEES</u>	<u>PRIOR YEAR REFUNDS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2002	95,600	14,765	251,500	1,492	25,731	389,088
2003	69,394	23,941	265,258	8,032	32,327	398,952
2004	72,917	23,642	403,948	2,590	11,842	514,939
2005	116,928	27,453	463,242	-	6,274	613,897
2006	104,383	58,121	727,568	-	51,669	941,741
2007	103,875	90,726	870,024	-	22,544	1,087,169
2008	56,105	69,644	789,595	-	86,311	1,001,655
2009	48,004	27,646	776,965	-	34,758	887,373
2010	-	25,272	798,722	47,211	1,031	872,236
2011	4,168	7,453	665,327	9,582	49,525	736,055

Source: District Records

REVENUE CAPACITY

Exhibit J-6

**MENDHAM TOWNSHIP SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST SEVEN FISCAL YEARS
 UNAUDITED**

Fiscal Year Ended December 31,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2004	\$ 986,134,422	\$ 1,630,483,921	60.48%
2005	2,116,183,594	1,768,389,758	119.67%
2006	2,122,526,593	1,980,917,668	107.15%
2007	2,132,489,062	2,139,381,989	99.68%
2008	2,160,521,422	2,221,821,319	97.24%
2009	2,170,029,798	2,246,088,845	96.61%
2010	1,889,936,443	2,229,872,993	84.76%

Source: Municipal Tax Assessor

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year Ended December 31,	Mendham Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional High School	Township of Mendham	Morris County	
2001	0.93	0.01	0.94	0.57	0.46	0.39	2.36
2002	1.01	0.01	1.02	0.64	0.46	0.42	2.54
2003	1.06	0.05	1.11	0.68	0.46	0.45	2.70
2004	1.05	0.13	1.18	0.70	0.47	0.46	2.81
2005	0.52	0.06	0.58	0.34	0.26	0.22	1.40
* 2006	0.56	0.06	0.62	0.36	0.28	0.23	1.49
2007	0.57	0.06	0.63	0.38	0.28	0.24	1.53
2008	0.56	0.06	0.62	0.40	0.28	0.20	1.49
2009	0.72	0.06	0.79	0.41	0.28	0.20	1.67
2010	0.72	0.06	0.78	0.47	0.33	0.24	1.82

Source: Municipal Tax Collector and District Records
* Revaluation

Exhibit J-8

**MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR YEAR ENDED DECEMBER 31, 2010**

<u>Taxpayer</u>	<u>Assessed Valuation 2010</u>	<u>As a % of District's Net Assessed Valuation</u>
Woodland Lakes Inc.	\$ 7,774,700	0.41%
Mendham Golf and Tennis Club	7,666,700	0.41%
Southeast Morris Cty Municipal Utility Authority	6,199,400	0.33%
Individual Taxpayer # 1	4,870,100	0.26%
Individual Taxpayer # 2	4,211,800	0.22%
Individual Taxpayer # 3	3,985,600	0.21%
Individual Taxpayer # 4	3,850,000	0.20%
Individual Taxpayer # 5	3,797,500	0.20%
Individual Taxpayer # 6	3,711,300	0.20%
Individual Taxpayer # 7	3,603,300	0.19%
Total	\$ <u>49,670,400</u>	<u>2.63%</u>

Source: District CAFR and Municipal Tax Assessor

Exhibit J-9

**MENDHAM TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year-Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Tax Levy Collected
2001	\$ 8,168,842	\$ 8,168,842	100.00%
2002	9,195,894	9,195,894	100.00%
2003	9,999,548	9,999,548	100.00%
2004	11,432,070	11,432,070	100.00%
2005	11,759,198	11,759,198	100.00%
2006	31,618,711	31,232,761	98.77%
2007	33,141,391	32,763,027	98.85%
2008	33,841,605	33,467,902	98.90%
2009	35,486,092	35,022,186	98.70%
2010	35,648,111	35,373,621	99.23%

Source: Municipal Tax Collector

DEBT CAPACITY

MENDHAM TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Seven Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2005	\$ 15,135,000	\$ 631,763	\$ -	\$ -	\$ 15,766,763	4.46%	\$ 2,840	
2006	14,510,000	461,849	3,110,000	-	18,081,849	4.83%	3,271	
2007	13,885,000	622,712	1,071,632	-	15,579,344	4.15%	2,813	
2008	13,260,000	463,291	1,071,632	-	14,794,923	3.94%	2,671	
2009	12,610,000	445,176	-	-	13,055,176	3.31%	2,372	
2010	11,868,000	330,860	-	-	12,198,860	3.10%	2,224	
2011	11,128,000	256,105	-	-	11,384,105	2.84%	1,939	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Exhibit J-11

**MENDHAM TOWNSHIP SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Estimated School District Population	Assessed Value	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	5,552	\$ 986,134,422	\$ 15,135,000	1.535%	\$ 2,715
2005	5,528	2,116,183,594	14,510,000	0.686%	2,613
2006	5,501	2,122,526,573	13,885,000	0.654%	2,512
2007	5,506	2,132,489,062	13,260,000	0.622%	2,408
2008	5,503	2,160,521,422	12,610,000	0.584%	2,291
2009	5,486	2,170,029,798	11,868,000	0.547%	2,163
2010	5,869	1,889,936,443	11,660,000	0.617%	1,987

Source: Data regarding school district population was given by school district officials.

Notes: Assessed valuations were provided by the Abstract of Ratables, County Board of Taxation.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Exhibit J-12

MENDHAM TOWNSHIP SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 FOR FISCAL YEAR ENDED JUNE 30, 2011
 UNAUDITED

Net Direct Debt of School District as of June 30, 2011		\$ 11,128,000
Net Overlapping Debt of School District:		
Mendham Township (100%)	\$ 17,083,626	
West Morris Regional High School District (22.824%)	5,485,977	
Morris County General Obligation Debt (2.154%)	<u>5,368,503</u>	
Total Net Overlapping Debt of School District		<u>27,938,106</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2011		<u>\$ 39,066,106</u>

Source: Morris County Board of Taxation

Exhibit J-13

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

<u>Year</u>	<u>Equalized Valuation Basis</u>	
2010	\$ 2,079,307,879	
2008	2,208,978,030	
2008	<u>2,233,320,279</u>	
	<u>6,521,606,188</u>	
Average equalized valuation of taxable property		\$ 2,173,868,729
School borrowing margin (3% of Average Equalized Valuation)	\$ 65,216,062	
Net bonded school debt as of June 30, 2011	<u>17,145,919</u>	
School borrow margin available	<u>\$ 48,070,143</u>	

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-14

**MENDHAM TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Morris County Per Capita Income</u>	<u>Estimated School District Population (as of July 1)</u>
2001	1.50%	56,586	5,477
2002	2.40%	56,068	5,537
2003	2.40%	56,532	5,565
2004	1.90%	60,989	5,552
2005	0.90%	63,412	5,528
2006	1.00%	67,788	5,501
2007	0.90%	68,364	5,506
2008	1.20%	71,300	5,503
2009	2.10%	71,527	5,486
2010	2.10%	68,251	5,869

Source: Per Capita Income of County of Morris from the U.S. Department of Commerce.
School District Population from the U.S. Bureau of the Census, Population Division.

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**MENDHAM TOWNSHIP SCHOOL DISTRICT
Principal Employers,
Current Year**

<u>Employer</u>	<u>2011</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
Mendham Township Board of Education	163	1	N/A
Township of Mendham	58	2	N/A
Mendham Golf and Tennis	35	3	N/A
Brookside Post Office	2	4	N/A

N/A - Data Not Available

OPERATING INFORMATION

MENDHAM TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Seven Years

Function/Program	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Instruction							
Regular	64	65	63	64	64	64	59
Special education	20	24	22	23	24	22	27
Other special education	7	7	7	7	7	5	
Vocational							
Other instruction	3	3	3	3	3	3	3
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Student & instruction related services	15	16	17	16	16	16	16
General administration	6	6	7	6	7	3	4
School administrative services	9	9	10	10	10	8	6
Other administrative services							4
Central services						3	11
Administrative Information Technology							27
Plant operations and maintenance	11	12	12	13	12	10	8
Pupil transportation	28	29	28	28	28	27	
Other support services	3	3	2	3	3		
Special Schools							
Food Service							
Child Care							
Total	166	174	171	173	174	161	164

Source: District Personnel Records

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

MENDHAM TOWNSHIP SCHOOL DISTRICT
Operating Statistics,
Last Seven Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2005	914	12,934,676	\$ 14,152	1.09%	104	1:11.9	1:8.2	914	876	4.46%	95.84%	
2006	906	14,021,147	\$ 15,476	9.36%	97	1:11.2	1:8	906	871	-0.88%	96.14%	
2007	901	14,781,263	\$ 16,405	6.01%	99	1:10.7	1:7.8	901	857	-0.55%	95.12%	
2008	910	15,493,024	\$ 17,025	3.78%	100	1:10.1	1:08	910	879	1.00%	96.59%	
2009	909	15,573,802	\$ 17,133	0.63%	100	1:10.1	1:8	917	884	0.71%	96.45%	
2010	904	16,232,737	\$ 17,957	4.81%	96	1:9.2	1:9.7	902	866	-1.54%	96.01%	
2011	903	15,516,205	\$ 17,183	-4.31%	94	1:9.12	1:10.06	857	820	-5.03%	95.68%	

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the Operating Expenditures divided by Enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending Jun 30, 2006.

MENDHAM TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Seven Fiscal Years

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>							
<u>Elementary</u>							
Square Feet	68,850	93,300	93,300	93,300	93,300	93,300	93,300
Capacity (students)	540	695	695	695	695	695	695
Enrollment	502	518	514	503	448	443	447
<u>Middle School</u>							
Square Feet	61,702	68,735	68,735	68,735	68,735	68,735	68,735
Capacity (students)	425	548	548	548	548	548	548
Enrollment	403	408	387	407	461	461	456
<u>High School</u>							
N/A							
Square Feet	-	-	-	-	-	-	-
Capacity (students)	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-
<u>Other</u>							
N/A							
Square Feet							

Number of Schools at June 30, 2011

- Elementary = 1
- Middle School = 1
- Senior High School = 0
- Other = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Exhibit J-19

**Mendham Township School District
General Fund
Schedule Of Required Maintenance For School Facilities
Last Ten Fiscal Years**

<u>*School Facilities</u> <u>Project Number</u>	<u>Elementary</u> <u>School</u>	<u>Middle</u> <u>School</u>	<u>Total</u>
<u>Fiscal Year Ended June 30,</u>			
2002	33,082	32,426	65,508
2003	49,776	40,705	90,481
2004	38,106	47,431	85,537
2005	59,377	49,246	108,623
2006	56,819	185,155	241,974
2007	66,982	82,224	149,206
2008	61,678	70,185	131,863
2009	81,122	92,310	173,432
2010	51,836	125,122	176,958
2011	63,846	51,990	115,836

*School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

This schedule does not provide ten years of information as the State Department of Education required this information beginning with the fiscal year June 30, 2001.

Source: School District Records

**MENDHAM TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2011
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property - Blanket Building and Contents (Pooled Coverage)	\$ 29,823,965	\$ 1,000
Boiler & Machinery, Extra Expense, Property in Transit	29,823,965	1,000
EDP Equipment/Media	500,000	1,000
Extra Expense	50,000,000	1,000
Valuable Papers	10,000,000	1,000
Equipment Breakdown	10,000,000	5,000
Casualty Coverage - School Alliance Insurance Fund		
General Liability	\$ 16,000,000	\$ 0
Auto Liability	16,000,000	0
Employee Benefits Liability	16,000,000	1,000
Crime and Fidelity - School Alliance Insurance Fund		
Forgery & Alteration	\$ 50,000	\$ 500
Money & Securities	25,000	500
Money Orders/Counterfeit	10,000	500
Including Faithful Performance	500,000	1,000
Worker's Compensation Supplement	Statutory	
Environmental Impairment Liability - School Alliance Insurance Fund	\$ 1,000,000	\$ 10,000
School Leaders Errors and Omissions		
Coverage A	\$ 16,000,000	\$ 10,000
Coverage B	100,000/300,000	10,000
Student Accident Insurance - School Alliance Insurance Fund		
Basic/Sports	\$ 5,000,000	
Catastrophic	500,000	
Worker's Compensation - Morris Essex Insurance Group		
	Statutory	
Philadelphia Insurance		
Cyberliability	\$ 1,000,000	\$ 15,000
Public Officials' Bonds - Hanover Insurance Company		
Treasurer of School Monies	\$ 200,000	\$ 1,000
School Business Administrator/Board Secretary	200,000	1,000

Source: District Insurance Agent

SINGLE AUDIT SECTION

Certified Public Accountants

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MEMBER:

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and
Members of the Board of Education
Mendham Township School District
County of Morris
Mendham, New Jersey

We have audited the general-purpose financial statements of the Mendham Township School District, in the County of Morris, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mendham Township School District's general-purpose 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 general-purpose 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* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Mendham Township School District in the separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 30, 2011.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mendham Township School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mendham Township School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management of the Mendham Township School District, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



Nicholas A. Cannone
Licensed Public School Accountant
No. CS-02103
Cannone & Company, CPAs

November 30, 2011

Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Mendham Township School District
County of Morris
Mendham, New Jersey

Compliance

We have audited the compliance of the Mendham Township School District, in the County of Morris, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. The Mendham Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Mendham Township School District's management. Our responsibility is to express an opinion on the Mendham Township School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could

have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Mendham Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Mendham Township School District's compliance with those requirements.

In our opinion, the Mendham Township School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Mendham Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Mendham Township School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mendham Township School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management of the Mendham Township School District, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Nicholas A. Cannone
Licensed Public School Accountant
No. CS-02103
Cannone & Company, CPAs

November 30, 2011

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010		Cash Received	Budgetary Expenditures	Repayment	Cancellation of Prior Year Encumbrances	Balance at June 30, 2011	
					Budgetary Accounts Receivable	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/10-6/30/11	\$ 4,652	\$	\$ 4,652	\$	\$	\$	\$	\$	\$
Special Milk Program	10.556	N/A	7/1/09-6/30/10	3,956	(496)	496	0	(4,652)	0	0	0	0
Total U.S. Department of Agriculture				183,271	(496)	5,148	0	(4,652)	0	0	0	0
U.S. Department of Education												
Passed-through State Department of Education:												
ARRA - Basic	84.389	ARRA3100010	9/01/09-8/31/10	183,271	(104,398)	127,011		(22,613)				
No Child Left Behind Consolidated:												
Title II:												
Part A	84.367	NCLB310011	9/01/10-8/31/11	13,797		11,379		(13,797)			(2,418)	
Title IV	84.186	NCLB310009	9/01/08-8/31/09	1,350	(1,350)	1,350						
Title IV	84.186	NCLB310007	9/01/06-8/31/07	1,623				(1,300)				
Title V	84.298	NCLB310007	9/01/06-8/31/07	1,177				(1,177)				
FEIMA Grant		027-45360-00	9/01/10-8/31/11	6,562		6,562					6,562	
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA310011	9/01/10-8/31/11	168,216		168,216		(168,216)			(319)	
I.D.E.A., Preschool	84.173	IDEA310011	9/01/10-8/31/11	9,201		8,882		(9,201)				
Total U.S. Department of Education				323,400	2,477	323,400	0	(213,827)	(2,477)	0	(2,737)	6,562
Total Federal Financial Assistance				\$ 328,548	\$ 2,477	\$ 328,548	\$ 0	\$ (218,479)	\$ (2,477)	\$ 0	\$ (2,737)	\$ 6,562

See accompanying notes to schedules of financial assistance.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2010		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Receivable	Budgetary Deferred Revenue	Balance at July 1, 2011		Memo Budgetary Accounts Receivable	Memo Cumulative Total Expenditures
				Budgetary Accounts Receivable	Budgetary Deferred Revenue					Budgetary GAAP Accounts Receivable	Budgetary Accounts Receivable		
State Department of Education General Fund:													
Special Education Aid	11-495-034-5120-011	7/1/10-6/30/11	\$ 2,113	\$	\$ 2,113	\$	(2,113)		\$	\$	\$	\$	2,113
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	324,965	(31,924)	31,924								324,965
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	372,583	(36,485)	36,485								372,583
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	70,586	(7,601)	7,601								70,586
Extraordinary Special Education Costs	11-100-034-5120-473	7/1/10-6/30/11	136,259			(136,259)				(136,259)		(136,259)	136,259
Extraordinary Special Education Costs	10-100-034-5120-473	7/1/09-6/30/10	81,820	(81,820)	81,820								81,820
Other State Aid-Non Public Transportation	N/A	7/1/10-6/30/11	14,822			14,822				(14,822)		(14,822)	14,822
Other State Aid-Non Public Transportation	N/A	7/1/09-6/30/10	9,614	(9,614)	9,614								9,614
and Post Retirement Medical Benefits	11-495-034-5095-001	7/1/10-6/30/11	444,384		444,383	(444,384)							
On Behalf of TPAF Pension Contributions													
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	\$ 491,527		467,675	(491,527)				(23,852)		(23,852)	
Total General Fund				\$ (167,444)	\$ 1,081,615	\$ (1,059,461)		\$ 0	\$ 0	\$ (174,933)		\$ (174,933)	\$ 1,012,762
Total State Financial Assistance				\$ (167,444)	\$ 1,081,615	\$ (1,059,461)		\$ 0	\$ 0	\$ (174,933)		\$ (174,933)	\$ 1,012,762

See accompanying notes to schedules of financial assistance.

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THE MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
 JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Mendham Township School District. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 to the Board's general purpose financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Board's general purpose financial statements. The general purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis for the General Fund is \$76,012 and for the Special Revenue Fund is \$0. Financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,165,177	\$ 1,165,177
Special Revenue Fund	213,827	-	\$ 213,827
Food Service	4,652	-	\$ 4,652
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 218,479</u>	<u>\$ 1,165,177</u>	<u>\$ 1,383,656</u>

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THE MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 4. 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 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified, dated
November 30, 2011

Internal control over financial reporting:

- 1. Material weakness(es) identified? yes ✓ no
- 2. Significant Deficiencies identified that are not considered to be material weaknesses? yes ✓ none reported

Noncompliance material to general-purpose financial statements noted? yes ✓ no

Federal Awards and State Financial Assistance

Internal control over major programs:

- 1. Material weakness(es) identified? yes ✓ no
- 2. Significant Deficiencies identified that are not considered to be material weaknesses? yes ✓ none reported

Type of auditor's report issued on compliance for major programs: Unqualified, dated
November 30, 2011

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes ✓ no

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? yes ✓ no

MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results (Continued)

Federal Awards and State Financial Assistance (Continued)

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes no

Identification of major programs:

Name of State Program or Cluster

Federal Awards:

None

State Financial Assistance:

State Grant Number

11-495-034-5095-002

Reimbursed TPAF
Social Security Contributions

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Schedule of Financial Statement Findings

No findings or questioned costs were noted that are required to be reported in accordance with OMB Circular A-133 or NJ OMB 98-07.

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Section III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

The audit did not disclose any findings and questioned costs.

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations.

The District had no prior year audit findings.