

**MENDHAM TOWNSHIP
SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of

**BOARD OF EDUCATION
MENDHAM, NEW JERSEY**

For the Fiscal Year Ended June 30, 2016

Prepared by

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

STATE BOARD OF EDUCATION

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Secretary, State Board of Education**

**MENDHAM TOWNSHIP SCHOOL DISTRICT
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Mendham Township Board of Education

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Salvatore Constantino, Ed.D.
Superintendent
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Mr. Thomas Kryger
School Business Administrator
TKryger@mendhamtp.org
973-543-7107 Ext. 230

December 2, 2016

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, 2016, 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 2015-16 fiscal year with an average daily enrollment of 708 students.

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 in grades three through eight on the PARCC Assessments. 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), and 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, 2015.

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, 2016, the District has \$6,785,000 of outstanding bonded debt. The District also has \$429,535 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, 2016, 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.

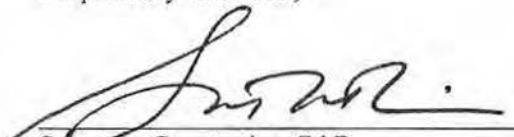
10) OTHER INFORMATION:


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.

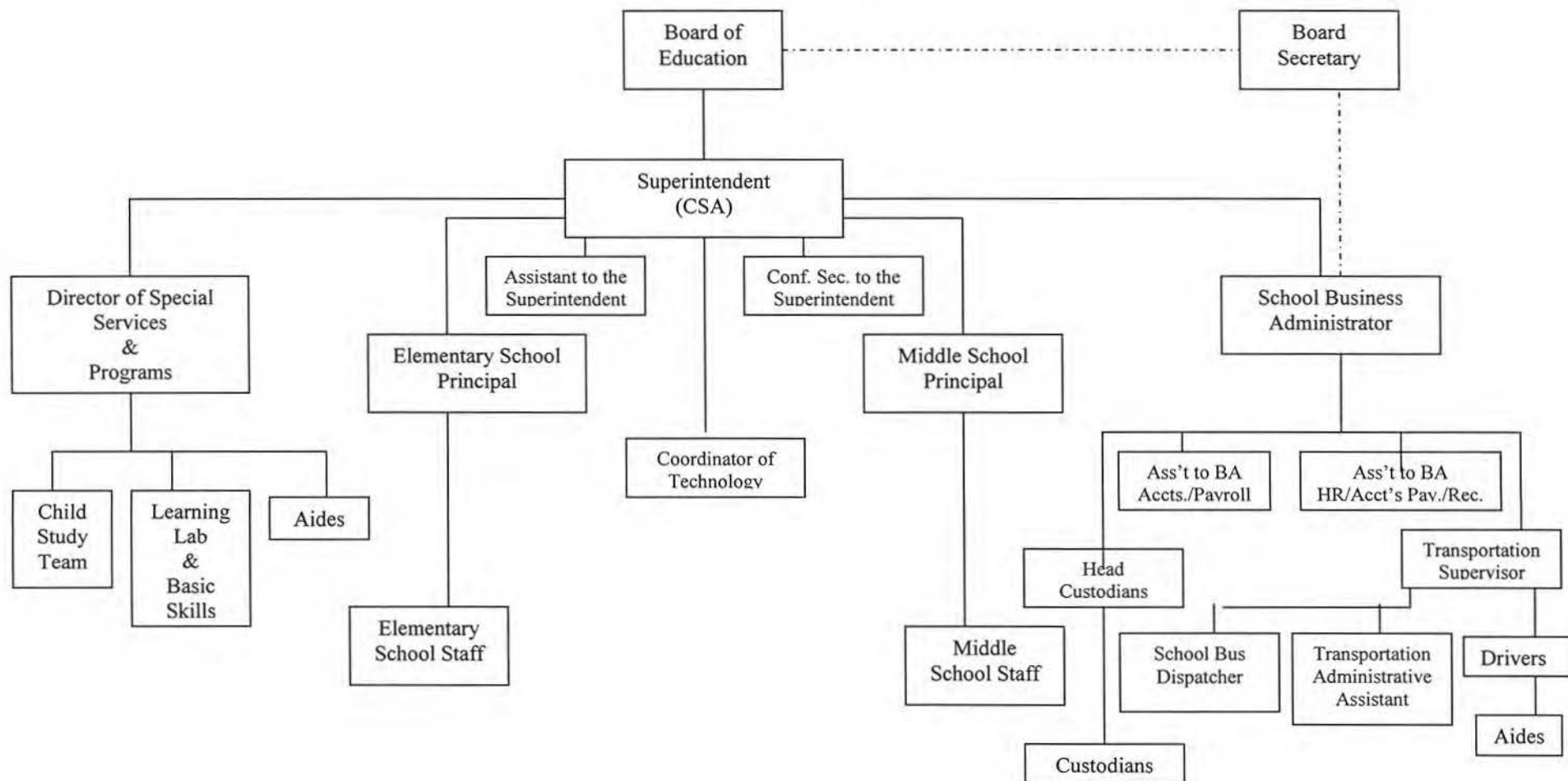
Respectfully submitted,


Salvatore Constantino, Ed.D.
Superintendent


Thomas H. Kryger
Business Administrator/Board Secretary

Board Of Education of the Township Of Mendham

ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jocelyn deGrandpre, President	2017
Jeffrey Brauner, Vice President	2017
Brian Jendryka	2016
Kenneth Elgarten	2016
Frank Kontely	2016
Aadithya Thayyar	2018
Fion Wood	2018

Other Officials

Salvatore Constantino, Superintendent

Thomas Kryger, School Business Administrator/Board Secretary

Liz George, CPA, Treasurer

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

**CONSULTANTS AND ADVISORS
June 30, 2016**

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Official Depository

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Mendham, NJ 07945

FINANCIAL SECTION

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information 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, 2016, and the related notes to the financial statements, which collectively compromise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles general accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Office of School 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Mendham Township School District, in the County of Morris, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 17 and 61 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mendham Township School District's basic

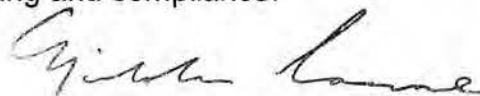
financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying introductory section, combining fund financial statements, financial schedules and statistical information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying introductory section, combining fund financial statements, financial schedules and statistical information are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of Mendham Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mendham Township School District's internal control over financial reporting and compliance.



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

November 30, 2016

***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, 2016

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, 2016. 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 2015-2016 fiscal year are as follows:

- Transportation Income continues to be 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 was unchanged for the 2015-2016 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 2015-2016 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 2016.

Table 1
Net Assets

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$1,437,447	\$861,265	\$2,298,712
Investments			-
Receivables, net	213,958	730	214,688
Inventory			-
Restricted assets:			
Cash and cash equivalents	135,515		135,515
Capital reserve account – cash	527,570		527,570
Capital assets, net (Note 4):	19,929,381	39,987	19,969,368
Deferred outflows of resources related to pensions	1,108,500		1,108,500
Other assets			-
Total Assets	23,352,371	903,763	23,256,134
LIABILITIES			
Accounts payable	\$ 14,345	825	15,170
Accrued Interest Expense	\$ 55,887		55,887
Deposits payable	\$		-
Payable to federal government	\$		-
Payable to state/local government	\$		-
Deferred revenue	\$ 27,552	32,394	59,946
Pension Plan Liability for PERS – non current	\$ 6,105,137		6,105,137
Deferred Inflows of Resources- related to pensions	\$ 364,510		364,510
Noncurrent liabilities (Note 5):			
Interfund Payable			-
Due within one year	1,006,411		1,006,411
Due beyond one year	6,410,413		6,410,413
Total liabilities	\$ 13,984,255	33,219	14,017,474

NET ASSETS

Invested in capital assets, net of related debt	\$	12,714,846	39,987	12,754,833
Restricted for:				
Debt service	\$	42,562		42,562
Capital projects	\$			
Other purposes	\$	2,387,228		2,387,228
Unrestricted (Deficit)	\$	<u>(5,876,520)</u>	<u>830,557</u>	<u>(5,045,963)</u>
Total net assets	\$	<u><u>9,268,116</u></u>	<u><u>870,544</u></u>	<u><u>\$ 10,138,660</u></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 2016 with selected comparative data for 2015.

Table 2
Changes in Net Assets

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$1,405,128	\$ 1,326,940
Operating Grants and Contributions	1,793,351	1,532,940
General Revenues:		
Property Taxes	15,561,040	15,347,864
Federal and State Aid not restricted	590,109	577,283
Other Revenue		
Including GASB 68 liability, 2015 only)	<u>496,484</u>	<u>(5,377,339)</u>
Total Revenues	19,846,112	13,407,688
<u>Program Expenses</u>		
Instruction	8,498,100	8,098,241
Support Services	9,353,401	9,256,852
Interest on Long Term Debt	302,485	333,386
Food Services	292,935	275,445
Other	33,399	486,815
Total Expenses	<u>18,480,320</u>	<u>18,450,739</u>
Increase/ (Decrease) in Net Assets	<u><u>1,365,792</u></u>	<u><u>(5,043,051)</u></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, 2016, the School District had approximately \$19,929,381 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, 2015		
Land	\$ 14,000	
Buildings and Improvement and Machinery and Equip.	<u>19,915,381</u>	<u>39,987</u>
Total	\$19,929,381	\$39,987

Long-Term Debt

At year-end, the District had \$6,785,000 in general obligation bonds outstanding – a reduction of \$870,000 in bonds from last year. In addition, there was a net increase of \$82,704 of other long term liabilities – as shown below:

Outstanding Long-Term Liabilities

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2015-2016</u>	<u>2014-2015</u>	
General Obligation Bonds	\$6,785,000	\$7,665,000	-11.37%
Other Long-Term Liabilities	429,535	406,646	+5.6%
Total Long-Term Liabilities	\$7,214,535	\$8,061,646	-10.50%

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.

For the 2015-2016 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 Thomas Kryger, 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 Position
6/30/2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,437,447	\$ 861,265	\$ 2,298,712
Investments			-
Receivables, net	213,958	730	214,688
Inventory		1,781	1,781
Restricted assets:			-
Cash and cash equivalents	135,515		135,515
Capital reserve account - cash	527,570		527,570
Capital assets, net (Note 4):	19,929,381	39,987	19,969,368
Deferred outflows of resources related to pensions	1,108,500		1,108,500
Other assets			-
Total Assets	<u>23,352,371</u>	<u>903,763</u>	<u>24,256,134</u>
LIABILITIES			
Accounts payable	14,345	825	15,170
Accrued Interest Expense	55,887		55,887
Payable to federal government			-
Payable to state/local government			-
Deferred revenue	27,552	32,394	59,946
Deferred inflows of resources related to pensions	364,510		364,510
Pension Plan Liability for PERS - non current	6,105,137		6,105,137
Noncurrent liabilities (Note 5):			-
Due within one year	1,006,411		1,006,411
Due beyond one year	6,410,413		6,410,413
Total liabilities	<u>13,984,255</u>	<u>33,219</u>	<u>14,017,474</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,714,846	39,987	12,754,833
Restricted for:			-
Debt service	42,562		42,562
Capital projects			-
Other purposes	2,387,228		2,387,228
Unrestricted (Deficit)	<u>(5,876,520)</u>	<u>830,557</u>	<u>(5,045,963)</u>
Total net assets	<u>\$ 9,268,116</u>	<u>\$ 870,544</u>	<u>\$ 10,138,660</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, 2016

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	\$ 6,313,306		\$ 786,757		\$ (5,526,549)		\$ (5,526,549)
Special education	1,492,497		161,300		(1,331,197)		(1,331,197)
Other special instruction	362,199		31,443		(330,756)		(330,756)
Vocational					-		-
Other instruction	330,098		22,010		(308,088)		(308,088)
Nonpublic school programs					-		-
Adult/continuing education programs					-		-
Support services:							
Tuition	627,038	63,384	39,618		(524,036)		(524,036)
Student & instruction related services	1,946,654		199,031		(1,747,623)		(1,747,623)
School administrative services	787,022		73,104		(713,918)		(713,918)
General and business administrative services	634,217		66,029		(568,188)		(568,188)
Central Services	293,257		29,870		(263,387)		(263,387)
Plant operations and maintenance	2,430,491	11,759	173,091		(2,245,641)		(2,245,641)
Pupil transportation	2,641,080	740,743	207,364		(1,692,973)		(1,692,973)
Business and other support services					-		-
Compensated absences	(6,358)				6,358		6,358
Unallocated Benefits					-		-
Special schools							
Proportionate share of pension plan expense	(37,754)				37,754		37,754
Debt service					-		-
Interest on long-term debt	302,485				(302,485)		(302,485)
Unallocated depreciation					-		-
Total governmental activities	<u>18,116,232</u>	<u>815,886</u>	<u>1,789,617</u>	<u>-</u>	<u>(15,510,729)</u>	<u>-</u>	<u>(15,510,729)</u>
Business-type activities:							
Food Service	292,935	299,975	3,734			10,774	10,774
Other Educational Programs	32,517	71,707				39,190	39,190
Preschool Program	38,636	217,560				178,924	178,924
Total business-type activities	<u>364,088</u>	<u>589,242</u>	<u>3,734</u>	<u>-</u>	<u>-</u>	<u>228,888</u>	<u>228,888</u>
Total primary government	<u>\$ 18,480,320</u>	<u>\$ 1,405,128</u>	<u>\$ 1,793,351</u>	<u>\$ -</u>	<u>\$ (15,510,729)</u>	<u>\$ 228,888</u>	<u>\$ (15,281,841)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					14,382,115		\$ 14,382,115
Taxes levied for debt service					1,178,925		1,178,925
Federal and State aid not restricted					590,109		590,109
Investment Earnings					2,369	904	3,273
Miscellaneous Income					122,188		122,188
Adjustments:							
Fixed Asset Adjustments					194,802		194,802
Capital Lease Payments					176,221		176,221
GASB 68 Pension Plan Adjustment for 6/30/14 liability							-
Transfers in/out - Enterprise Funds					274,723	(274,723)	-
Total general revenues, special items, extraordinary items and transfers					<u>16,921,452</u>	<u>(273,819)</u>	<u>16,647,633</u>
Change in Net Assets					<u>1,410,723</u>	<u>(44,931)</u>	<u>1,365,792</u>
Net Assets—beginning					<u>8,717,111</u>	<u>174,043</u>	<u>8,891,154</u>
Net Assets—ending					<u>\$ 10,127,834</u>	<u>\$ 129,112</u>	<u>\$ 10,256,946</u>

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
06/30/2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,378,537	\$ 16,348		\$ 42,562	\$ 1,437,447
Investments					-
Capital Reserve Account	527,570				527,570
Receivables, net					-
Interfund receivable:					
General fund					-
Special revenue					-
Capital projects fund					-
Trust and agency fund	18,286				18,286
Enterprise fund	752,646				752,646
Receivables from governments:					
Federal	150	11,204			11,354
State	185,103				185,103
Other	17,501				17,501
Accounts Receivable - Other					-
Interest receivable on investments					-
Inventory					-
Maintenance Reserve	135,515				135,515
	<u>3,015,308</u>	<u>27,552</u>	<u>-</u>	<u>42,562</u>	<u>3,085,422</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	14,345				14,345
Accrued Interest	-				-
Interfund payable:					
General fund					-
Capital projects fund					-
Debt service fund					-
Food service fund	11,214				11,214
Payable to federal government					-
Payable to state and local government				-	-
Deferred revenue		27,552			27,552
Total liabilities	<u>25,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,111</u>
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for					
Subsequent Year's Expenditures	565,914				565,914
Reserve for Excess Surplus	1,458,229				1,458,229
Reserve for Capital Reserve	227,570				227,570
Reserve for Maintenance	135,515				135,515
Committed Fund Balance:					
Reserve for Impact Aid					-
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	139,592				139,592
Reserve for encumbrances	25,261				25,261
Unrestricted Fund Balance	437,668			42,562	480,230
Total Fund balances	<u>2,989,749</u>	<u>-</u>	<u>-</u>	<u>42,562</u>	<u>3,032,311</u>
Total liabilities and fund balances	<u>\$ 3,015,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,562</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. (55,887)

The net pension liability for PERS is not due and payable in the current period and is not reported in the governmental funds (6,105,137)

Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore are not reported in the funds:
 Deferred outflows of resources related to pensions 1,108,500
 Deferred inflows of resources related to pensions (364,510)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 31,292,239 and the accumulated depreciation is \$ 11,362,858 (See Note 4). 19,929,381

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) (7,416,824)

Net assets of governmental activities \$ 10,127,834

Mendham Township School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 14,382,115			\$ 1,178,925	\$ 15,561,040
Transportation Fees	740,743				740,743
Rental Facilities	11,759				11,759
Tuition charges	63,384				63,384
Interest on Investments	2,369				2,369
Interest Earned on Capital Reserve Funds					-
Interest Earned on Maintenance Reserve Funds					-
Miscellaneous	119,865	2,322			122,187
Total - Local Sources	15,320,235	2,322	-	1,178,925	16,501,482
State sources	2,164,558				2,164,558
Federal sources		215,168			215,168
Total revenues	17,484,793	217,490	-	1,178,925	18,881,208
EXPENDITURES					
Current:					
Regular instruction	4,381,721	217,490			4,599,211
Special education instruction	1,080,940				1,080,940
Other special instruction	261,906				261,906
Vocational education					-
Other instruction	239,089				239,089
Nonpublic school programs					-
Adult/continuing education programs					-
Support services and undistributed costs:					-
Tuition	454,162				454,162
Student & instruction related services	1,406,785				1,406,785
General administrative services	432,695				432,695
School administrative services	569,254				569,254
Central services	212,405				212,405
Plant operations and maintenance	1,397,712				1,397,712
Pupil transportation	1,794,880				1,794,880
Allocated benefits					-
Unallocated benefits	4,655,914				4,655,914
Special schools					-
Transfer to charter school					-
Debt service:					-
Principal				870,000	870,000
Interest and other charges				308,925	308,925
Capital outlay	399,491				399,491
Education Jobs Program					-
Total expenditures	17,286,954	217,490	-	1,178,925	18,683,369
Excess (Deficiency) of revenues over expenditures	197,839	-	-	-	197,839
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	199,110				199,110
Transfers - Capital Reserve					-
Transfers in	274,723				274,723
Transfers out					-
Total other financing sources and uses	473,833	-	-	-	473,833
Net change in fund balances	671,672		-	-	671,672
Fund balance—July 1	2,318,077			42,562	2,360,639
Fund balance—June 30	\$ 2,989,749	\$ -	\$ -	\$ 42,562	\$ 3,032,311

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, 2016

Total net change in fund balances - governmental funds (from B-2) **\$ 671,672**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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.

Depreciation expense	\$ (752,905)	
Capital outlays	399,491	
Fixed Asset Adjustments	<u>194,802</u>	
		(158,612)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Repayment of Bond Principal	\$ 870,000	
Retirement of Bonds Outstanding	<u> </u>	
		870,000

Payment of long-term liabilities is an expenditure in the governmental funds and reduces long-term liabilities in the statement of net assets.

Capital Lease Payments	\$ 176,221	
Voluntary Separation of Service Program Payments	<u> </u>	
		176,221

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the governmental funds:

Change in pension plan liability(net)	(1,375,247)	
Change in pension plan expense(net)	<u>1,413,001</u>	
		37,754

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.

Proceeds from issuance of long-term debt		
Refunds - bond insurance		
Acceptance of Voluntary Separation Program		
Capital lease proceeds	<u>(199,110)</u>	
		(199,110)

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. (-)

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 (+).

Prior year accrued interest on long term debt which was paid in the current year	\$ 62,327	
Current year accrued interest on long term debt which was not paid in the current year	(55,887)	
Decrease in compensated absences payable	<u>6,358</u>	
		12,798

Change in net assets of governmental activities

\$ 1,410,723

PROPRIETARY FUNDS

Mendham Township School District
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds					Totals
	Food Service	Enrichment Program	Pre-School Program	2-Year Old Program	Middle School Play	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 25,210	\$ 188,936	\$ 638,447	\$ 3,115	\$ 5,557	\$ 861,265
Investments						-
Accounts receivable			730			730
Other receivables						-
Interfund receivable - Food Service						-
Interfund receivable - General Fund	11,214					11,214
Inventories	1,781					1,781
Total current assets	<u>38,205</u>	<u>188,936</u>	<u>639,177</u>	<u>3,115</u>	<u>5,557</u>	<u>874,990</u>
Noncurrent assets:						
Restricted cash and cash equivalents						-
Furniture, machinery & equipment	101,851		43,869			145,720
Less accumulated depreciation	(95,429)		\$ (10,304)			(105,733)
Total noncurrent assets	<u>6,422</u>	<u>-</u>	<u>33,565</u>	<u>-</u>	<u>-</u>	<u>39,987</u>
Total assets	<u>44,627</u>	<u>188,936</u>	<u>672,742</u>	<u>3,115</u>	<u>5,557</u>	<u>914,977</u>
LIABILITIES						
Current liabilities:						
Accounts payable	825					825
Due to General Fund		148,149	604,497			752,646
Interfund payable - Fiduciary Fund						-
Unearned Income	8,864		20,400	3,130		32,394
Compensated absences						-
Total current liabilities	<u>9,689</u>	<u>148,149</u>	<u>624,897</u>	<u>3,130</u>	<u>-</u>	<u>785,865</u>
Noncurrent Liabilities:						
Compensated absences						-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,689</u>	<u>148,149</u>	<u>624,897</u>	<u>3,130</u>	<u>-</u>	<u>785,865</u>
NET ASSETS						
Invested in capital assets net of related debt	6,422		33,565			39,987
Restricted for:						-
Capital projects						-
Unrestricted	28,516	40,787	14,280	(15)	5,557	89,125
Total net assets	<u>\$ 34,938</u>	<u>\$ 40,787</u>	<u>\$ 47,845</u>	<u>\$ (15)</u>	<u>\$ 5,557</u>	<u>\$ 129,112</u>

Exhibit B-5

Mendham Township School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund					Total Enterprise
	Food Service	Enrichment Program	Preschool Program	2 Year Old Program	Middle School Play	
Operating revenues:						
Charges for services:						
Daily sales - reimbursable programs	\$ 299,975					\$ 299,975
Daily sales - non-reimbursable programs						-
Tuition		43,106	217,560			260,666
Miscellaneous					28,601	28,601
Total operating revenues	<u>299,975</u>	<u>43,106</u>	<u>217,560</u>	<u>-</u>	<u>28,601</u>	<u>589,242</u>
Operating expenses:						
Cost of sales	136,166					136,166
Salaries and Payroll Taxes	100,530					100,530
Management and Audit Fee	16,101					16,101
Show and Performance Expense					32,049	32,049
Other purchased professional services						-
Cleaning, repair and maintenance services	4,182					4,182
Depreciation	4,385		2,964			7,349
Meals			22,441			22,441
Insurance	12,496					12,496
Supplies and Materials	9,843		13,231			23,074
Miscellaneous expense	9,232	453		15		9,700
Total Operating Expenses	<u>292,935</u>	<u>453</u>	<u>38,636</u>	<u>15</u>	<u>32,049</u>	<u>364,088</u>
Operating income (loss)	<u>7,040</u>	<u>42,653</u>	<u>178,924</u>	<u>(15)</u>	<u>(3,448)</u>	<u>225,154</u>
Nonoperating revenues (expenses):						
State sources:						
State school lunch program						-
Federal sources:						
National school lunch program						-
Special milk program	3,734					3,734
Food Distribution Program						-
Loss on disposal of fixed assets						-
Interest and investment revenue	64	206	629		5	904
Total nonoperating revenues (expenses)	<u>3,798</u>	<u>206</u>	<u>629</u>	<u>-</u>	<u>5</u>	<u>4,638</u>
Income (loss) before contributions & transfers	<u>10,838</u>	<u>42,859</u>	<u>179,553</u>	<u>(15)</u>	<u>(3,443)</u>	<u>229,792</u>
Capital contributions						-
Transfers in (out)		(60,405)	(223,318)		9,000	(274,723)
Change in net assets	10,838	(17,546)	(43,765)	(15)	5,557	(44,931)
Total net assets—beginning	24,100	58,333	91,610	-	-	174,043
Total net assets—ending	<u>\$ 34,938</u>	<u>\$ 40,787</u>	<u>\$ 47,845</u>	<u>\$ (15)</u>	<u>\$ 5,557</u>	<u>\$ 129,112</u>

Mendham Township School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Total Enterprise
	Food Service	Enrichment Program	Preschool Program	2 Year Old Program	Middle School Play	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ (12,384)	94,058	450,958	3,115	(3,448)	\$ 532,299
Payments to employees						-
Payments for employee benefits						-
Payments to suppliers						-
Net cash provided by (used for) operating activities	<u>(12,384)</u>	<u>94,058</u>	<u>450,958</u>	<u>3,115</u>	<u>(3,448)</u>	<u>532,299</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources						-
Federal Sources - Special Milk Program	3,734					3,734
Operating subsidies and transfers to other funds		(60,405)	(223,318)		9,000	(274,723)
Net cash provided by (used for) non-capital financing activities	<u>3,734</u>	<u>(60,405)</u>	<u>(223,318)</u>	<u>-</u>	<u>9,000</u>	<u>(270,989)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Change in capital contributions						-
Purchases of capital assets	(4,896)					(4,896)
Gain/Loss on sale of fixed assets (proceeds)						-
Net cash provided by (used for) capital and related financing activities	<u>(4,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,896)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends	64	206	629		5	904
Proceeds from sale/maturities of investments						-
Net cash provided by (used for) investing activities	<u>64</u>	<u>206</u>	<u>629</u>	<u>-</u>	<u>5</u>	<u>904</u>
Net increase (decrease) in cash and cash equivalents	(13,482)	33,859	228,269	3,115	5,557	257,318
Balances—beginning of year	38,692	155,077	410,178	0	0	603,947
Balances—end of year	<u>\$ 25,210</u>	<u>\$ 188,936</u>	<u>\$ 638,447</u>	<u>\$ 3,115</u>	<u>\$ 5,557</u>	<u>\$ 861,265</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 7,040	\$ 42,653	\$ 178,924	\$ (15)	\$ (3,448)	225,154
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						-
Depreciation and net amortization	4,385		2,964			7,349
(Increase) decrease in accounts receivable			840			840
(Increase) decrease in inventories	223					223
(Increase) decrease in other current assets						-
Increase (decrease) in accounts payable	(23,711)					(23,711)
Increase (decrease) in Due to General Fund	(150)	51,405	258,990			310,245
Increase(decrease) in Unearned Revenue	(171)		9,240	3,130		12,199
Total adjustments	<u>(19,424)</u>	<u>51,405</u>	<u>272,034</u>	<u>3,130</u>	<u>0</u>	<u>307,145</u>
Net cash provided by (used for) operating activities	<u>(12,384)</u>	<u>94,058</u>	<u>450,958</u>	<u>3,115</u>	<u>(3,448)</u>	<u>532,299</u>

FIDUCIARY FUNDS

Mendham Township School District
Statement of Fiduciary Net Position
Fiduciary Funds
6/30/2016

	Unemployment Compensation Trust	Flex Spending Trust	Agency Fund	
			Student Activity	Payroll
ASSETS				
Cash and cash equivalents	\$ 97,007	\$6,260	\$ 59,027	\$ 502,486
Interfund Rec-Enrichment Program				
Investments, at fair value:				
U.S. government obligations				
NJ municipal bonds				
Total investments	-	-	-	-
Total assets	<u>97,007</u>	<u>6,260</u>	<u>59,027</u>	<u>502,486</u>
LIABILITIES				
Accounts payable				
Payable to district				
Payable to student groups			59,027	
Accrued Salaries and Wages				385,162
Interfund Payable - General Fund				18,286
Payroll deductions and withholdings				99,038
Total liabilities	<u>-</u>	<u>-</u>	<u>59,027</u>	<u>\$ 502,486</u>
NET ASSETS				
Held in trust for unemployment claims and other purposes	<u>\$ 97,007</u>		<u>\$ -</u>	<u>\$ -</u>
Reserved for scholarships				
Reserved for Flex Spending Claims		<u>\$ 6,260</u>		

Mendham Township School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
ADDITIONS		
Contributions:		
Plan member	\$ 26,397	\$ 17,300
Other		
Total Contributions	<u>26,397</u>	<u>17,300</u>
Investment earnings:		
Net increase (decrease) in fair value of investments		
Interest	117	5
Dividends		
Less investment expense		
Net investment earnings	<u>117</u>	<u>5</u>
Total additions	<u>26,514</u>	<u>17,305</u>
DEDUCTIONS		
Quarterly contribution reports	11,283	
Unemployment claims	47,806	
Flex Spending Claims		14,038
Scholarships awarded		
Refunds of contributions		
Administrative expenses		421
Transfer Interest to General Fund		
Total deductions	<u>59,089</u>	<u>14,459</u>
Change in net assets	(32,575)	2,846
Net assets—beginning of the year	129,582	3,414
Net assets—end of the year	<u>\$ 97,007</u>	<u>\$ 6,260</u>

NOTES TO THE FINANCIAL STATEMENTS

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mendham Township School District Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards starting with the fiscal year-ending June 30, 2004. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. The District implemented the following other GASB Statements: Statement 33 – *Accounting and Financial & Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management's Discussion and Analysis -for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 -*Economic Condition Reporting- The Statistical Section*; Statement 45 -*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the result of operations of the District and the various fund and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2016.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued):

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.

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, 2016.

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, 2016**

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"	\$ 17,484,693	\$ 217,490
Adjust for State Aid Payment:		
Add: Prior Year Payment	35,035	
Less: Current Year Payment	(34,935)	
Adjust for Encumbrances:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
Total Revenues (GAAP Basis)	\$ <u>17,484,793</u>	\$ <u>217,490</u>
Uses/outflows of resources		
Actual amounts (budgetary) "total outflows"	\$ 17,286,954	217,490
Adjustments:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
Total Expenditures (GAAP Basis)	\$ <u>17,286,954</u>	\$ <u>217,490</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, 2016**

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 2012-2013 have been certified and finalized. Tuition charges for the years subsequent to the years 2012-2013 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, 2016**

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, 2016**

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, 2016**

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, 2016**

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.

R. Subsequent Events:

The Township of Mendham Board of Education has evaluated subsequent events occurring after June 30, 2016 through the date of November 30, 2016, which is the date the financial statements were available to be issued.

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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.

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%.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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

A. Deposits (Continued):

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.

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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

B. Investments (Continued):

- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Savings and Money Management	\$ 3,464,283 =====

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, 2016**

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

B. Investments (Continued):

As of June 30, 2016, 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	\$ 3,464,283
2	
3	
	<u>\$ 3,464,283</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 4. CAPITAL ASSETS

Fixed asset activity for the fiscal year ended June 30, 2016 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	14,000	-	-	-	14,000
<i>Capital assets being depreciated:</i>					
Site Improvements	644,212				644,212
Building and building improvements	25,770,026	289,230			26,059,256
Machinery and equipment	4,270,834	305,063	1,126		4,574,771
Totals at historical cost	30,685,072	594,293	1,126	-	31,278,239
Less accumulated depreciation for :					
Site Improvements	370,594	11,123			381,717
Building and improvements	6,819,081	464,922			7,284,003
Equipment	3,421,404	276,860	1,126		3,697,138
Total	10,611,079	752,905	1,126	-	11,362,858
Total capital assets being depreciated, net of accumulated depreciation	20,073,993	(158,612)	-	-	19,915,381
Governmental activity capital assets, net	<u>\$ 20,087,993</u>	<u>\$ (158,612)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,929,381</u>
Business-type activities:					
<i>Capital assets being depreciated:</i>					
Equipment	\$ 140,824	\$ 16,515	\$ -		157,339
Less accumulated depreciation	98,103	7,208	-		105,311
Enterprise fund capital assets, net	<u>\$ 42,721</u>	<u>\$ 9,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,028</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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	\$ 46,202
Special Education	99
Other Instruction	599
Student and Instruction Related Services	4,379
General and Business Administrative Services	36,817
School Administrative Services	1,083
Plant Operations and Maintenance	500,743
Pupil Transportation	162,983
Unallocated	
Total	<u>\$ 752,905</u>

NOTE 5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 7/1/2015	Issued	Retired	Balance 6/30/2016	Amounts Due within One Year
Compensated Absences Payable	\$ 208,647	\$ 6,358	\$ -	\$ 215,005	
Bonds Payable	7,655,000		870,000	6,785,000	870,000
Capital Leases Payable	406,646	199,110	176,221	429,535	136,411
	<u>\$ 8,270,293</u>	<u>\$ 205,468</u>	<u>\$ 1,046,221</u>	<u>\$ 7,429,540</u>	<u>\$ 1,006,411</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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, 2016 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
12/01/2021	1.50-5.000%	\$ 1,645,000
04/01/2023	4.0%	6,010,000
		<u>\$ 7,655,000</u>

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

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2020	\$ 4,295,000	\$ 974,625	\$ 5,269,625
2021 - 2024	2,490,000	205,775	2,695,775
	<u>\$ 6,785,000</u>	<u>\$ 1,180,400</u>	<u>\$ 7,965,400</u>

B. Bonds Issued During the Year:

No Bonds were issued during the year.

C. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 5. GENERAL LONG-TERM DEBT (Continued)

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, 2016:

	<u>Total</u>
Year ending June 30,	
2017	\$ 105,293
2018	105,293
2019	47,056
2020 & Thereafter	<u>171,893</u>
	429,535
Less: Amount representing interest	<u>0</u>
Net minimum lease payments	<u><u>429,535</u></u>

NOTE 6. PENSION PLANS

Plan Descriptions

All required employees of the District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) 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, 2016**

NOTE 6. PENSION PLANS (Continued)

Plan Descriptions (Continued)

Teachers' Pension and Annuity Fund (TPAF)

The TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF 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 noncontributing 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 DOE who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The PERS was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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.

Public Employees' Retirement System (PERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$639,415, consisting of employer contributions of \$233,820 and non-employer contributions of \$405,595. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 145,647	\$ -
Changes of assumptions	655,643	
Net difference between projected and actual earnings on pension plan investments		98,159
Changes in proportion and differences between District contributions and proportionate share of contributions	307,210	266,351
District contributions subsequent to the measurement date		
Total:	<u>\$ 1,108,500</u>	<u>\$ 364,510</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

\$ -0- reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 128,005
2017	128,005
2018	128,005
2019	203,869
2020	115,247
Thereafter	-
Total	<u>\$ 703,131</u>

Additional Information

Collective balances at December 31, 2014 and 2015 are as follows:

	<u>12/31/2014</u>	<u>12/31/2015</u>
Collective deferred outflows of resources	\$ 148,733	\$ 1,108,500
Collective deferred inflows of resources	281,876	364,510
Collective net pension liability	4,729,890	6,105,137
District's Proportion	<u>0.0253%</u>	<u>0.0272%</u>

The District made an adjustment in the District-Wide Financial Statements to record the collective net pension liability reported above of \$5,214,556. This liability was recorded as of July 1, 2014 and is a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

Teachers' Pension and Annuity Fund (TPAF)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$2,441,097 and revenue of \$2,441,097 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 201,981	\$ 11,972
Changes of assumptions	4,527,336	
Net difference between projected and actual earnings on pension plan investments		336,625
Changes in proportion and differences between District contributions and proportionate share of contributions	28,911	45,681
District contributions subsequent to the measurement date		
Total:	<u>\$ 4,758,228</u>	<u>\$ 394,278</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

\$ -0- reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 517,659
2017	517,659
2018	517,659
2019	792,993
2020	671,146
Thereafter	-
Total	<u>\$ 3,017,116</u>

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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 6. PENSION PLANS (Continued)

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 $\frac{1}{2}$ 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.

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, 2016, the State of New Jersey contributed \$1,115,497 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 \$456,630 during the year ended June 30, 2016 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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 7. POST-RETIREMENT 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, 2015, there were 107,314 retirees receiving post retirement medical benefits, and the state contributed \$1.25 billion on their behalf. 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

For the fiscal year ended June 30, 2016, the State of New Jersey contributed on behalf of the District \$1,115,497 to the TPAF for post-retirement benefits.

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

All interfund balances on the balance sheet at June 30, 2016 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 770,932	\$ 11,214
Special Revenue Fund		
Capital Projects Fund		
Debt Service Fund		
Enterprise Fund	11,214	752,646
Trust and Agency Fund		18,286
	<u>\$782,146</u>	<u>\$782,146</u>

These amounts represent temporary advances between the various funds.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 9. ACCOUNTS PAYABLE

Payables as of June 30, 2016 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	\$ -	\$ -	\$ -	\$ 385,162
Vendors	14,345	-	825	-
	<u>\$ 14,345</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 385,162</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 2015-2016 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

NOTE 10. CONTINGENCIES (continued)

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, 2016**

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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	608,286
Increased by:		
Interest Earnings		280
Transfers - In		
Transfers - Out		<u>(380,996)</u>
Ending Balance, June 30, 2016	<u>\$</u>	<u>227,570</u>

NOTE 13. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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 years' budget. The excess fund balance at June 30, 2016 is \$1,458,229.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 14. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$ 3,024,684 General Fund fund balance at June 30, 2016, \$ 25,261 is reserved for encumbrances; \$2,024,143 has been reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$ 565,914 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$ 227,570 has been reserved in the Capital Reserve Account; \$ 135,515 has been reserved in the Maintenance Reserve Account; \$ 139,592 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$25,261 is committed; and \$ 472,603 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2016 was \$42,562.

NOTE 15. 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.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 16. 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.

NOTE 17. 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.

NOTE 18. 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 19. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2016. 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, 2016.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 20. CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is occasionally involved in certain legal claims arising in the ordinary course of its operations. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

NOTE 21. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 22. GASB #54 – FUND BALANCE DISCLOSURES

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Mendham Township Board of Education classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned - includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – Of the \$3,024,684 General Fund balance at June 30, 2015, \$2,024,143 is restricted for excess surplus; \$227,570 is restricted for the Capital Reserve Account; \$135,515 is restricted for the Maintenance Reserve; \$25,261 is assigned for other purposes; \$139,592 is assigned and designated for subsequent year's expenditures and \$472,603 is unassigned.

***REQUIRED SUPPLEMENTARY INFORMATION
PART II***

BUDGETARY COMPARISON SCHEDULES

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 14,382,115	\$ -	\$ 14,382,115	\$ 14,382,115	\$ -
Tuition	75,506	-	75,506	63,384	(12,122)
Transportation Fees From Other LEAs	679,600	-	679,600	740,743	61,143
Rental of Facilities	-	-	-	11,759	11,759
Interest on Investments - Capital Reserve	400	-	400	280	(120)
Interest on Investments - Maintenance Reserve	-	-	-	257	257
Interest on Investments - Other	-	-	-	1,832	1,832
Miscellaneous	-	-	-	119,865	119,865
Total - Local Sources	15,137,621	-	15,137,621	15,320,235	182,614
State Sources:					
Transportation Aid	69,600	-	69,600	69,600	-
Special Education Aid	333,875	-	333,875	333,875	-
Bilingual Education	-	-	-	-	-
Extraordinary Aid	-	-	-	147,596	147,596
Additional Formula Aid	-	-	-	-	-
Security Aid	12,627	-	12,627	12,627	-
Consolidated Aid	-	-	-	-	-
Non-Public Transportation Aid	-	-	-	14,693	14,693
PARCC Readiness Aid	6,970	-	6,970	6,970	-
Per Pupil Growth Aid	6,970	-	6,970	6,970	-
TPAF Pension and Post-Retirement (On-Behalf - Non-Budgeted)	-	-	-	1,115,497	1,115,497
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	456,630	456,630
Total State Sources	430,042	-	430,042	2,164,458	1,734,416
Federal Sources:					
Education Jobs Fund	-	-	-	-	-
Medical Assistance Program	-	-	-	-	-
Total - Federal Sources	-	-	-	-	-
Total Revenues	15,567,663	-	15,567,663	17,484,693	1,917,030
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	348,725	3,989	352,714	349,772	2,942
Grades 1-5 - Salaries of Teachers	1,331,523	73,530	1,405,053	1,404,826	227
Grades 6-8 - Salaries of Teachers	2,153,595	(66,523)	2,087,072	2,085,781	1,291
Grades 9-12 - Salaries of Teachers	-	-	-	-	-
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	-	5,000	3,260	1,740
Purchased Professional-Educational Services	-	-	-	-	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	154,000	17,600	171,600	171,548	52
Other Purchased Services (400-500 series)	108,480	25,525	134,005	134,001	4
General Supplies	259,631	41,803	301,434	228,221	73,213
Textbooks	2,593	(147)	2,446	2,408	38
Other Objects	3,825	(998)	2,827	1,904	923
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,367,372	94,779	4,462,151	4,381,721	80,430

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	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	-	2,670	2,670	2,670	-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies	-	6,566	6,566	6,546	20
Textbooks					-
Other Objects					-
Total Learning and/or Language Disabilities	-	9,236	9,236	9,216	20
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, 2016

	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	856,063	52,935	908,998	908,998	-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	600	107	707	707	-
Textbooks		-			-
Other Objects		-			-
Total Resource Room/Resource Center	856,663	53,042	909,705	909,705	-
Autism:					
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 Autism	-	-	-	-	-
Preschool Disabilities - Part-Time:					
Salaries of Teachers	79,020	-	79,020	78,977	43
Other Salaries for Instruction	46,131	36,357	82,488	82,488	-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	3,000	(2,000)	1,000	554	446
Textbooks		-			-
Other Objects	500	(352)	148	-	148
Total Preschool Disabilities - Part-Time	128,651	34,005	162,656	162,019	637

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-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 - Full-Time	-	-	-	-	-
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	-	-	-	-	-
TOTAL SPECIAL EDUCATION - INSTRUCTION	985,314	96,283	1,081,597	1,080,940	657
Basic Skills/Remedial - Instruction					
Salaries of Teachers	251,160	10,467	261,627	261,627	-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	550	-	550	279	271
Textbooks		-			-
Other Objects		-			-
Total Basic Skills/Remedial - Instruction	251,710	10,467	262,177	261,906	271
Bilingual Education - Instruction					
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 Bilingual Education - Instruction	-	-	-	-	-
School-Spon. Athletics - Inst.					
Salaries of Teachers	66,527	320	66,847	65,593	1,254
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (300-500 series)	9,975	(4,975)	5,000	5,000	-
General Supplies	9,691	1,182	10,873	10,640	233
Textbooks		-			-
Other Objects	3,900	5,094	8,994	8,994	-
Total School-Spon. Athletics - Inst.	90,093	1,621	91,714	90,227	1,487

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	88,169	30,134	118,303	118,303	-
Purchased Services (300-500 series)	1,500	(822)	678	678	-
Supplies and Materials	11,564	11,507	23,071	22,622	449
Other Objects	4,150	3,109	7,259	7,259	-
Transfers to Cover Deficit (Agency Funds)		-			-
Total School-Spon. Cocurricular Actvts. - Inst.	105,383	43,928	149,311	148,862	449
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	5,799,872	247,078	6,046,950	5,963,656	83,294
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools	-	-	-	-	-
Tuition to Private Schools for the Handicapped - Within State	369,310	103,567	472,877	454,162	18,715
Tuition to Private Schools for the Handicapped - Outside NJ	-	-	-	-	-
Tuition -County Voc School-Regular	-	-	-	-	-
Tuition -County Voc School-Special	-	-	-	-	-
Tuition - State Facilities	-	-	-	-	-
Tuition - Other	-	-	-	-	-
Tuition - Other LEA Within State-Special	-	-	-	-	-
Total Undistributed Expenditures - Instruction:	369,310	103,567	472,877	454,162	18,715
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	144,440	-	144,440	137,364	7,076
Purchased Professional and Technical Services	5,499	(1,299)	4,200	4,200	-
Other Purchased Services (400-500 series)	185	(13)	172	172	-
Supplies and Materials	4,300	1,783	6,083	6,083	-
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Health Services	154,424	471	154,895	147,819	7,076
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	101,723	4,154	105,877	105,877	-
Purchased Professional - Educational Services	110,315	(21,934)	88,381	83,501	4,880
Supplies and Materials	1,500	-	1,500	1,438	62
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	213,538	(17,780)	195,758	190,816	4,942
Undist. Expend. - Other Supp. Serv. - Extraordinary Services					
Salaries of Other Professional Staff	291,377	21,048	312,425	312,425	-
Purchased Professional - Educational Services	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. - Extraordinary Services	291,377	21,048	312,425	312,425	-

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students-Reg.					
Salaries of Other Professional Staff	120,300	-	120,300	111,540	8,760
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	530	690	1,220	809	411
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	2,330	(414)	1,916	1,873	43
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	123,160	276	123,436	114,222	9,214
Undist. Expend. - Other Supp. Serv. Students - Special					
Salaries of Other Professional Staff	305,965	240	306,205	306,205	-
Salaries of Secretarial and Clerical Assistants	52,860	-	52,860	52,860	-
Purchased Prof- Educational Services	-	-	-	-	-
Other Purch Prof. and Tech. Services	9,150	(5,021)	4,129	3,300	829
Other Purchased Services (400-500 series)	-	-	-	-	-
Misc Purch Sev(400-500 series other than Resid Costs)	2,700	339	3,039	3,039	-
Supplies and Materials	6,000	74	6,074	6,074	-
Other Objects	450	(450)	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students - Special	377,125	(4,818)	372,307	371,478	829
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	113,146	-	113,146	111,014	2,132
Salaries of Secr and Clerical Assist.	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Prof- Educational Services	-	-	-	-	-
Other Purch Prof. and Tech. Services	-	-	-	-	-
Other Purch Services (400-500)	-	-	-	-	-
Supplies and Materials	3,450	(3,450)	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Improvement of Inst. Serv.	116,596	(3,450)	113,146	111,014	2,132
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	131,211	1,783	132,994	126,615	6,379
Salaries of Secretarial and Clerical Assist	-	-	-	-	-
Purchased Prof. and Tech. Services	9,625	(1,087)	8,538	7,425	1,113
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	10,349	1,000	11,349	10,360	989
Other Objects	-	-	-	-	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	151,185	1,696	152,881	144,400	8,481
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assist	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Service	-	-	-	-	-
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	15,277	(550)	14,727	14,611	116
Supplies and Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Instructional Staff Training Serv.	15,277	(550)	14,727	14,611	116

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	248,790	5,463	254,253	254,253	-
Legal Services	2,500	13,995	16,495	16,494	1
Audit Fees	21,000	-	21,000	21,000	-
Gen Adm Arch/E Svcs	5,000	(170)	4,830	4,830	-
Other Purchased Professional Services	7,900	(6,412)	1,488	1,488	-
Communications/Telephone	34,640	20,053	54,693	54,300	393
BOE Other Purch. Services	3,000	(2,935)	65	65	-
Other Purchased Services (400-500 series)	13,750	15,479	29,229	29,029	200
Rental	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
General Supplies	6,900	(5,996)	904	904	-
BOE In-house training/meeting Supplies	-	-	-	-	-
Judgements Against The School Dist.	-	750	750	750	-
Miscellaneous Expenditures	10,050	31,826	41,876	41,876	-
BOE Memberships, Dues, & Fees	9,000	(1,165)	7,835	7,706	129
Total Undist. Expend. - Supp. Serv. - General Admin.	362,530	70,888	433,418	432,695	723
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	295,150	12,835	307,985	307,985	-
Salaries of Other Professional Staff	89,544	2,132	91,676	91,676	-
Salaries of Secretarial and Clerical Assistants	149,894	6,952	156,846	156,846	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	7,168	199	7,367	5,730	1,637
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	7,115	149	7,264	5,992	1,272
Rental	-	-	-	-	-
Other Objects	2,090	(765)	1,325	1,025	300
Total Undist. Expend. - Support Serv. - School Admin.	550,961	21,502	572,463	569,254	3,209
Undist. Expend. - Support Serv. - Central Services					
Salaries	161,592	3,092	164,684	164,684	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	26,050	13,930	39,980	39,734	246
Other Purchased Services (400-500 series)	2,000	(850)	1,150	1,150	-
Supplies and Materials	5,400	(548)	4,852	4,852	-
Miscellaneous Expenditures	2,675	(690)	1,985	1,985	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Support Serv. - Central Services	197,717	14,934	212,651	212,405	246
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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint.- School Facilities					
Salaries	193,015	2,322	195,337	195,337	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Cleaning, Repair and Maintenance Services	227,885	55,300	283,185	275,043	8,142
Other Purchased Property Services	-	-	-	-	-
Insurance	-	-	-	-	-
Miscellaneous Purchased Services-Rental	-	-	-	-	-
General Supplies	52,450	(22,102)	30,348	30,299	49
Energy (Energy and Electricity)	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Required Maint.- School Facilities	473,350	35,520	508,870	500,679	8,191
Undist. Expend. - Custodial Services					
Salaries	442,870	(9,504)	433,366	421,507	11,859
Salaries of Non-Instructional Aides	31,936	-	31,936	27,553	4,383
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	3,000	(3,000)	-	-	-
Cleaning, Repair and Maintenance Services	35,600	(6,321)	29,279	24,447	4,832
Other Purchased Property Services	25,200	1,465	26,665	23,016	3,649
Insurance	148,704	1,060	149,764	149,737	27
Miscellaneous Purchased Services-Rental	25,000	(24,171)	829	-	829
General Supplies	46,000	(5,591)	40,409	40,409	-
Energy (Natural Gas)	60,500	(28,809)	31,691	31,691	-
Energy (Electricity)	270,000	(112,730)	157,270	157,270	-
Energy (Gasoline)	7,000	-	7,000	3,676	3,324
Other Objects	2,000	500	2,500	1,544	956
Total Undist. Expend. - Custodial Services	1,097,810	(187,101)	910,709	880,850	29,859
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	-	-	-	-	-
Cleaning, Repair and Maintenance Services	12,500	1,280	13,780	12,567	1,213
General Supplies	3,200	416	3,616	3,616	-
Total Undist. Expend. - Care and Upkeep of Grounds	15,700	1,696	17,396	16,183	1,213
Undist. Expend. - Student Transportation Serv.					
Management Fees - ESC & CTSA Transportation Programs	1,000	(86)	914	914	-
Salaries - (Between Home and School) - Reg	1,001,041	(55,737)	945,304	882,746	62,558
Salaries - (Between Home and School) - Spec Ed.	129,724	-	129,724	122,970	6,754
Salaries - (Other than Bet. Home and School)	75,300	31,698	106,998	106,998	-
Salaries - (Between Home and School) - NonPublic	7,500	-	7,500	-	7,500
Cleaning, Repair and Maintenance Services	227,000	50,462	277,462	277,337	125
Lease Pur. Pmts.-Schl Buses	134,435	21,821	156,256	156,256	-
Contract Services - (Other than Bet. Home and School) - Vendors	1,000	(740)	260	260	-
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	6,084	(457)	5,627	5,627	-
Contract Services - (Special Ed Stds) - ESCs & CTSA	45,282	52,003	97,285	97,285	-
Contract Services - Aid in Lieu Of Payments-NonPub Sch	45,000	3,654	48,654	48,654	-
Miscellaneous Purchased Services-Transportation	11,500	(2,079)	9,421	9,421	-
Supplies and Materials	137,800	7,585	145,385	85,384	60,001
Other Objects	3,000	(1,972)	1,028	1,028	-
Total Undist. Expend. - Student Transportation Serv.	1,825,666	106,152	1,931,818	1,794,880	136,938
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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Regular Programs-Instruction-Employee Benefits					
Group Insurance		-			-
Social Security Contributions	296,000	(37,403)	258,597	232,889	25,708
T.P.A.F. Contributions - ERIP		-			-
Other Retirement Contributions - Regular	274,059	(13,539)	260,520	249,920	10,600
Interest for Lease Purchase		-			-
Unemployment Compensation	45,250	(27,704)	17,546	-	17,546
Workmen's Compensation	154,542	(31,770)	122,772	87,159	35,613
Health Benefits	2,891,843	(308,454)	2,583,389	2,321,452	261,937
Tuition Reimbursement	64,000	(5,213)	58,787	58,787	-
Other Employee Benefits	112,626	23,724	136,350	133,580	2,770
Total Regular Programs-Instuction-Employee Benefits	3,838,320	(400,359)	3,437,961	3,083,787	354,174
Special Programs-Instruction-Employee Benefits					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Special Programs-Instuction-Employee Benefits	-	-	-	-	-
Health Services-Employee Benefits					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Health Services-Employee Benefits	-	-	-	-	-
Other Supp Serv-Students-Related Serv					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Other Supp Serv-Students-Related Serv	-	-	-	-	-
Other Supp Serv-Students-Extraordinary					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Other Supp Serv-Students-Extraordinary	-	-	-	-	-
Other Supp Serv-Students-Regular					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Supp Serv-Students-Regular	-	-	-	-	-
Other Supp Serv-Students-Special					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Other Supp Serv-Students-Special	-	-	-	-	-
Educational Media Services-Sch.Library					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Educational Media Services-Sch.Library	-	-	-	-	-
Support Services-General Admin					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Support Services-General Admin	-	-	-	-	-
Support Services-School Admin					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Support Services-School Admin	-	-	-	-	-
Support Services-Central Services					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Support Services-Central Services	-	-	-	-	-
Operation and Mainte. of Plant Service					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Operation and Mainte. of Plant Service	-	-	-	-	-
Student Transportation Services					
Workmen's Compensation		-			-
Health Benefits		-			-
Total Student Transportation Services	-	-	-	-	-
TOTAL UNALLOCATED BENEFITS	3,838,320	(400,359)	3,437,961	3,083,787	354,174
On-BEHALF CONTRIBUTIONS					
On-behalf TPAF Post-Retirement (non-budgeted)					-

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF Pension and Post-Retirement Contributions (non-budgeted)		-		1,115,497	(1,115,497)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		456,630	(456,630)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,572,127	(1,572,127)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,838,320	(400,359)	3,437,961	4,655,914	(1,217,953)
TOTAL UNDISTRIBUTED EXPENDITURES	10,174,046	(236,308)	9,937,738	10,923,807	(986,069)
TOTAL GENERAL CURRENT EXPENSE	15,973,918	10,770	15,984,688	16,887,463	(902,775)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	400	-	400	-	400
Equipment					
Regular Programs - Instruction:					
Preschool/Kindergarten		-			-
Grades 1-5		-			-
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		-			-
Schools Buses - Regular		-			-
Special Schools (All Programs)		-			-
Total Equipment	-	-	-	-	-

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Construction Services	160,000	20,000	180,000	138,666	41,334
Architectural/Engineering Services	20,000	(20,000)	-	-	-
Assessment for Debt Service	61,715	-	61,715	61,715	-
Other Purchased Prof. Service	-	-	-	-	-
Capital Reserve Transfer to Capital Project	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Facilities Acquisition and Construction Services	241,715	-	241,715	200,381	41,334
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
Capital Leases	-	-	-	199,110	(199,110)
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	199,110	(199,110)
TOTAL CAPITAL OUTLAY	242,115	-	242,115	399,491	(157,376)
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, 2016

	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, 2016

	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.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Even.-Sch.-Foreign-Born-Local	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SPECIAL SCHOOLS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Education Jobs Fund		-			-
Transfer of Funds to Charter Schools					-
TOTAL EXPENDITURES	<u>16,216,033</u>	<u>10,770</u>	<u>16,226,803</u>	<u>17,286,954</u>	<u>(1,060,151)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(648,370)</u>	<u>(10,770)</u>	<u>(659,140)</u>	<u>197,739</u>	<u>856,879</u>
Other Financing Sources(Uses):					
Transfers In - Pre School				223,318	
Transfers In - Enrichment Program				51,405	
Capital Leases (Non-Budgeted)		-		199,110	199,110
Operating Transfer Out:					
Transfers Out -Enterprise		-		-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,833</u>	<u>199,110</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(648,370)</u>	<u>(10,770)</u>	<u>(659,140)</u>	<u>671,572</u>	<u>1,055,989</u>
Fund Balance, July 1	<u>1,638,011</u>	<u>(69,424)</u>	<u>1,632,058</u>	<u>2,353,112</u>	<u>(721,054)</u>
Fund Balance, June 30	<u>\$ 989,641</u>	<u>\$ (80,194)</u>	<u>\$ 972,918</u>	<u>\$ 3,024,684</u>	<u>\$ 334,935</u>

Recapitulation:

Restricted Fund Balance:		
Reserve for Capital Reserve		\$ 227,570
Reserve for Maintenance Reserve		135,515
Reserve for Excess Surplus		1,458,229
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		565,914
Committed Fund Balance:		
Reserve for Impact Aid		
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures		139,592
Reserve for encumbrances		25,261
Unrestricted Fund Balance		<u>472,603</u>
Subtotal		<u>3,024,684</u>
Reconciliation to Governmental Funds Statements (GAAP):		
Last State Aid Payment not recognized on GAAP basis		(34,935)
Fund Balance per Governmental Funds (GAAP)		<u>\$ 2,989,749</u>

**Mendham Township School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 1,931	\$ 1,931	\$ 2,322	\$ 391
State Sources		2,000	2,000		(2,000)
Federal Sources	146,856	26,104	172,960	215,168	42,208
Total Revenues	146,856	30,035	176,891	217,490	40,599
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)		-			-
General Supplies		-			-
Textbooks		-			-
Tuition		-			-
Total Instruction	-	-	-	-	-
Support Services					
Salaries of Other Professional Staff		-			-
Salaries of Secretaries & Clerical Assistants		-			-
Other Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Professional Services		-			-
Purchased Technical Services		-			-
Rentals		-			-
Contracted Services Transportation		-			-
Tuition	146,856	7,312	154,168	154,168	-
Travel		-			-
Other Purchased Services (400-500 series)		-			-
Supplies & Materials	-	25,823	25,823	63,322	(37,499)
Other Objects		-			-
Total Support Services	146,856	33,135	179,991	217,490	(37,499)

**Mendham Township School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.)					
Facilities Acquisition and Construction Services:					
Buildings		-			-
Instructional Equipment		-			-
Noninstructional Equipment		-			-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Transfer to Charter School					-
Total Expenditures	146,856	33,135	179,991	217,490	(37,499)
Other Financing Sources (Uses)					
Transfer in from General Fund		-			-
Transfer Out to Whole School Reform (General Fund)		-			-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	146,856	33,135	179,991	217,490	(37,499)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ (3,100)	\$ (3,100)	\$ -	\$ (3,100)

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART II***

**Mendham Township School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2016**

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 fund as 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]	\$ 17,484,693	[C-2]	\$	217,490
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		(34,935)			
Prior year state aid payment recognized for GAAP purposes in current year		35,035			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 17,484,793	[B-2]	\$	217,490
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	17,286,954	[C-2]		217,490
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]	\$ 17,286,954	[B-2]	\$	217,490

***REQUIRED SUPPLEMENTARY INFORMATION
PART III***

***SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)***

Mendham Township School District
Schedules of Required Supplementary Information
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERS
Last Two Fiscal Year*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0253%	0.0275%
District's proportionate share of the net pension liability	\$ 4,729,890	\$ 6,105,149
District's covered employee payroll	\$ 1,980,806	\$ 1,860,159
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.79%	328.21%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

* This schedule does not contain ten years of information as GASB #68 was implemented during the fiscal year ending June 30, 2015.

Mendham Township School District
Schedules of Required Supplementary Information
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last Two Fiscal Year*

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 208,263	233,820
Contributions in relation to the contractually required contribution	\$ (208,263)	(233,820)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>
District's covered employee payroll	\$ 1,980,806	1,860,159
Contributions as a percentage of its covered-employee payroll	10.60%	12.57%

* This schedule does not contain ten years of information as GASB #68 was implemented during the fiscal year ending June 30, 2015.

Mendham Township School District
Schedules of Required Supplementary Information
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TPAF
Last Two Fiscal Year*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0650%	0.0632%
State's proportionate share of the net pension liability attributable to the District	\$34,764,714	\$39,979,314
District's covered employee payroll	\$ 6,281,501	\$ 6,234,653
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	553.50%	641.24%
Plan fiduciary net position as a percentge of the total pension liability	33.64%	28.71%

* This schedule does not contain ten years of information as GASB #68 was implemented during the fiscal year ending June 30, 2015.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III***

MENDHAM TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Year Ended June 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were no changes.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% s of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND (TPAF)

Benefit Changes

There were no changes.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES

NOT APPLICABLE

***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, 2016

	NCLB Title I	Recycling Day Grant	Safety Grant	I.D.E.A. Part B Basic		Total
				(2015-2016)		
REVENUES						
Local Sources		\$ 954	\$ 1,368			2,322
State Sources						-
Federal Sources	61,000			154,168		215,168
Total Revenues	61,000	954	-	1,368	154,168	-
EXPENDITURES:						
Instruction:						
Salaries of Teachers						-
Other Salaries for Instruction						-
Purchased Professional - Educational Services						-
Purchased Professional and Technical Services						-
Other Purchased Services (400-500 series)				154,168		154,168
General Supplies	61,000	954	1,368			63,322
Textbooks						-
Other Objects						-
Total instruction	61,000	954	1,368	154,168	-	217,490
Support services:						
Salaries of Other Professional Staff						-
Salaries -Support Staff						-
Other Salaries						-
Personal Services - Employee Benefits						-
Tuition						-
Purchased Professional and Technical Services						-
Other Purchased Professional Services						-
Rentals						-
Travel						-
Other Purchased Services (400-500 series)						-
Supplies & Materials						-
Total support services	-	-	-	-	-	-

Mendham Township School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	NCLB Title I	Recycling Day Grant	Safety Grant	I.D.E.A. Part B		Total
				Basic (2015-2016)		
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	61,000	954	1,368	154,168	-	217,490
Other Financing Sources (Uses)						
Transfer In from General Fund						-
Contribution to Whole School Reform						-
	-	-	-	-	-	-
Total Outflows	61,000	954	1,368	154,168	-	217,490
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

***CAPITAL PROJECTS FUND
DETAIL STATEMENTS***

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

NOT APPLICABLE

***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 POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Agency			Trust			Totals
	Student Activities	Payroll	Total Agency	Unemployment Compensation	Flexible Spending	Total Trust	
ASSETS:							
Cash and Cash Equivalents	\$ 59,027	\$ 502,486	\$ 561,513	\$ 97,007	\$ 6,260	\$ 103,267	\$ 664,780
Interfund Receivable - Enrichment Program Enterprise Fund			-			-	-
Total Assets	\$ 59,027	\$ 502,486	\$ 561,513	\$ 97,007	\$ 6,260	\$ 103,267	\$ 664,780
LIABILITIES:							
Accounts Payable	\$	\$	\$ -	\$	\$	\$ -	\$ -
Interfund Payable - General Fund		18,286	18,286			-	18,286
Accrued Salaries and Wages		385,162	385,162			-	385,162
Payroll Deductions and Withholdings		99,038	99,038			-	99,038
Due to Student Groups	59,027		59,027			-	59,027
Total Liabilities	\$ 59,027	\$ 502,486	\$ 561,513	\$ -	\$ -	\$ -	\$ 561,513
NET ASSETS:							
Reserved for Unemployment Claims	\$	\$	\$	\$ 97,007	\$	\$ 97,007	\$ 97,007
Reserved for Flexible Spending Claims					6,260	6,260	6,260
Total Net Assets	\$ -	\$ -	\$ -	\$ 97,007	\$ 6,260	\$ 103,267	\$ 103,267

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Total Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 26,397	\$ 17,300	\$ 43,697
	<u> </u>	<u> </u>	<u> </u>
Total Contributions	\$ 26,397	\$ 17,300	\$ 43,697
Investment Earnings:			
Interest	\$ 117	\$ 5	\$ 122
	<u> </u>	<u> </u>	<u> </u>
Net Investment Earnings	\$ 117	\$ 5	\$ 122
Total Additions	\$ 26,514	\$ 17,305	\$ 43,819
DEDUCTIONS:			
Bank Charges	\$ -	\$ -	\$ -
Administrative Fees		421	421
Quarterly Contribution Payments	11,283		11,283
Unemployment Claims	47,806		47,806
Flexible Spending Claims		14,038	14,038
Transfer Interest to General Fund			-
	<u> </u>	<u> </u>	<u> </u>
Total Deductions	\$ 59,089	\$ 14,459	\$ 73,548
Change in Net Assets	\$ (32,575)	\$ 2,846	\$ (29,729)
Net Assets - Beginning of Fiscal Year	\$ 129,582	\$ 3,414	\$ 132,996
	<u> </u>	<u> </u>	<u> </u>
Net Assets - End of Fiscal Year	\$ 97,007	\$ 6,260	\$ 103,267
	<u> </u>	<u> </u>	<u> </u>

Exhibit H-3

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Schools</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30 2016</u>
Elementary School Student Activities	\$ 11,005	\$ 28,043	\$ 28,613	\$ 10,435
Middle School:				
Athletic Activities	2,853	5,003	7,642	214
Student Activities	42,976	157,528	152,126	48,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>56,834</u>	\$ <u>190,574</u>	\$ <u>188,381</u>	\$ <u>59,027</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, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	56,834	190,574	188,381	59,027
	\$ _____	\$ _____	\$ _____	\$ _____
Total assets	\$ <u>56,834</u>	\$ <u>190,574</u>	\$ <u>188,381</u>	\$ <u>59,027</u>
LIABILITIES:				
Due to Student Groups	\$ 56,834	\$ 190,574	\$ 188,381	\$ 59,027
	_____	_____	_____	_____
Total liabilities	\$ <u>56,834</u>	\$ <u>190,574</u>	\$ <u>188,381</u>	\$ <u>59,027</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 438,745	\$ 11,229,172	\$ 11,165,431	\$ 502,486
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>438,745</u>	\$ <u>11,229,172</u>	\$ <u>11,165,431</u>	\$ <u>502,486</u>
 LIABILITIES:				
Accrued Salaries and Wages	\$ 359,005	\$ 406,512	\$ 362,171	\$ 403,346
Payroll deductions and withholdings	<u>79,740</u>	<u>10,822,660</u>	<u>10,803,260</u>	<u>99,140</u>
Total liabilities	\$ <u>438,745</u>	\$ <u>11,229,172</u>	\$ <u>11,165,431</u>	\$ <u>502,486</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
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2016		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding School Bonds; Advance refunded \$5,237,000 of the Bonds originally issued on 6/15/01 and maturing on or after 12/1/12.	2/25/2010	3,120,000	12/1/2016	290,000		\$ 2,220,000		\$ 295,000	\$ 1,925,000
			12/1/2017	310,000					
			12/1/2018	335,000					
			12/1/2019	335,000					
			12/1/2020	335,000					
			12/1/2021	320,000					
Refunding School Bonds; Advance refunded \$6,773,000 of the Bonds originally issued on 05/01/03 and maturing on or after 04/01/23.	11/9/2011	6,555,000	4/1/2017	655,000	4.0%	\$ 5,435,000		\$ 575,000	\$ 4,860,000
			4/1/2018	655,000	4.0%				
			4/1/2019	655,000	4.0%				
			4/1/2020	725,000	4.0%				
			4/1/2021	725,000	4.0%				
			4/1/2022	725,000	4.0%				
			4/1/2023	720,000	4.0%				
Total						\$ 7,655,000	\$ -	\$ 870,000	\$ 6,785,000

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
June 30, 2016

Series	Amount of Original Issue	Amount Outstanding July 1, 2015	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2016
2012 24 Passenger and 54 Passenger Buses	\$ 131,402	\$ 27,107	\$	\$ 27,107	\$ 0
2012 15 Passenger Van	55,113	11,358		11,358	0
2014 54 Passenger Buses (2)	165,554	99,304		32,416	66,888
2014 Savin Copiers (8)	107,663	87,608		19,592	68,016
2014 HP Laserjet Printers (30), Epson Scanner (1) and Ford F-3650 Truck	228,440	181,269		44,449	136,820
2016 Bluebird 54 Passenger Busses (2)	199,110		199,110	41,299	157,811
		<u>\$ 406,646</u>	<u>\$ 199,110</u>	<u>\$ 176,221</u>	<u>\$ 429,535</u>

**Mendham Township School District
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,178,925	\$ -	\$ 1,178,925	\$ 1,178,925	\$ -
Debt Service Aid Type II		-			-
Total Revenues	<u>1,178,925</u>	<u>-</u>	<u>1,178,925</u>	<u>1,178,925</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	308,925	-	308,925	308,925	-
Redemption of Principal	870,000	-	870,000	870,000	-
Total Regular Debt Service	<u>1,178,925</u>	<u>-</u>	<u>1,178,925</u>	<u>1,178,925</u>	<u>-</u>
Total expenditures	<u>1,178,925</u>	<u>-</u>	<u>1,178,925</u>	<u>1,178,925</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Refund of excess costs associated with issuance of refunding bonds		-			-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	42,562	-	42,562	42,562	-
Fund Balance, June 30	<u>\$ 42,562</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>	<u>\$ -</u>

STATISTICAL SECTION

INTRODUCTION TO THE STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	91-97
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	98-101
Debt Capacity 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.	102-105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	106-107
Operating Information 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.	108-112

FINANCIAL TRENDS

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,625,838	\$ 8,826,035	\$ 9,687,653	\$ 9,990,410	\$ 10,543,919	\$ 11,012,882	\$ 11,587,642	\$ 11,678,389	\$ 12,026,347	\$ 12,714,846
Restricted (Deficit)	(136,018)	870,531	865,404	612,132	724,909	1,371,268	1,732,625	1,969,227	1,180,932	2,429,790
Unrestricted (Deficit)	4,195	(96,887)	(281,534)	161,462	304,000	398,656	(72,086)	(95,288)	(4,921,355)	(5,876,520)
Total governmental activities net assets	\$ 8,494,015	\$ 9,599,679	\$ 10,271,523	\$ 10,764,004	\$ 11,572,828	\$ 12,782,806	\$ 13,248,181	\$ 13,552,328	\$ 8,285,924	\$ 9,268,116
Business-type activities										
Invested in capital assets, net of related debt	\$ 50,524	\$ 43,278	\$ 32,597	\$ 28,054	\$ 23,286	\$ 18,519	\$ 56,811	\$ 49,625	\$ 42,440	\$ 39,987
Restricted										
Unrestricted	24,238	31,932	60,631	55,524	93,836	70,416	179,494	332,252	562,790	830,557
Total business-type activities net assets	\$ 74,762	\$ 75,210	\$ 93,228	\$ 83,578	\$ 117,122	\$ 88,935	\$ 236,305	\$ 381,877	\$ 605,230	\$ 870,544
District-wide										
Invested in capital assets, net of related debt	\$ 8,676,362	\$ 8,869,313	\$ 9,720,250	\$ 10,018,464	\$ 10,567,205	\$ 11,031,401	\$ 11,644,453	\$ 11,728,014	\$ 12,068,787	\$ 12,754,833
Restricted (Deficit)	(136,018)	870,531	865,404	509,030	724,909	1,371,268	1,732,625	1,969,227	1,180,932	2,429,790
Unrestricted (Deficit)	28,433	(64,955)	(220,903)	320,088	397,836	469,072	107,408	236,964	(4,358,565)	(5,045,963)
Total district net assets	\$ 8,568,777	\$ 9,674,889	\$ 10,364,751	\$ 10,847,582	\$ 11,689,950	\$ 12,871,741	\$ 13,484,486	\$ 13,934,205	\$ 8,891,154	\$ 10,138,660

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,135,441	\$ 6,656,979	\$ 6,237,100	\$ 6,127,602	\$ 5,936,004	\$ 5,979,747	\$ 6,791,162	\$ 6,155,762	\$ 6,104,125	\$ 6,313,306
Special education	1,498,504	1,641,756	1,441,606	1,810,047	1,933,287	1,487,622	1,455,221	1,290,977	1,364,647	1,492,497
Other special education	202,342	195,073	253,106	277,347	297,863	306,196	322,215	334,233	349,116	362,199
Vocational										
Other instruction	162,729	165,542	182,525	261,975	213,797	240,961	270,066	262,969	280,353	330,096
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	360,186	306,612	386,358	322,001	466,311	453,251	370,629	269,623	484,355	627,038
Student & instruction related services	1,867,542	1,840,439	1,878,059	2,080,056	1,784,887	1,901,612	1,699,698	1,928,462	2,028,083	1,946,654
School Administrative services	897,148	716,071	658,642	669,829	612,648	620,929	830,016	958,830	818,574	787,022
General administration	497,791	613,511	611,650	564,800	573,421	655,408	532,902	611,498	713,418	634,217
Central Services	289,291	264,534	263,448	303,964	292,159	308,327	288,167	301,603	304,689	293,257
Plant operations and maintenance	1,430,314	1,552,969	1,715,131	1,876,534	1,943,369	2,129,583	2,080,172	2,311,629	2,283,844	2,430,491
Administrative information technology										
Pupil transportation	1,742,297	1,680,610	2,300,379	2,339,504	2,230,068	2,278,548	2,343,243	2,396,188	2,696,545	2,641,080
Other support services										
Compensated Absences					8,612	90	161,472	(1,634)	(72,656)	(6,358)
Proportionate share of pension plan expense									184,345	(37,754)
Educational Jobs Program						30,086	3,885			
Charter Schools	5,813									
Interest on long-term debt	589,520	644,408	528,898	692,111	448,985	374,576	389,327	364,000	333,386	302,485
Capital Outlay	188,614	329,116	-	-	-	-	-	-	-	-
Unallocated depreciation		322,950	291,705	335,953						
Total governmental activities expenses	15,667,532	16,930,770	16,748,607	17,661,723	16,741,411	16,766,936	17,538,175	17,184,340	17,872,824	18,116,232
Business-type activities:										
Food service	260,541	280,090	275,114	282,408	289,687	272,142	281,016	301,289	275,445	292,935
Enrichment Program	55,647	131,875	112,685	54,206	38,976	61,462	39,178	55,762	98,249	32,517
Preschool Program							31,736	147,215	204,221	38,636
Total business-type activities expense	316,188	411,965	387,799	336,612	328,663	333,604	351,930	504,266	577,915	364,088
Total district expenses	\$ 15,983,720	\$ 17,342,735	\$ 17,136,406	\$ 17,998,335	\$ 17,070,074	\$ 17,100,540	\$ 17,890,105	\$ 17,688,606	\$ 18,450,739	\$ 18,480,320
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										\$ 63,384
Special Education	\$ 103,875	\$ 56,105	\$ 48,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plant Operations and Maintenance										\$ 11,759
Pupil transportation	870,024	769,595	776,965	796,722	665,327	708,242	689,515	791,006	791,999	740,743
Central and other support services										
Operating grants and contributions	2,054,565	2,122,348	1,059,396	1,270,120	1,149,748	1,307,965	1,611,808	1,386,134	1,527,454	1,789,617
Capital grants and contributions										
Total governmental activities program revenues	3,028,464	2,968,048	1,884,365	2,068,842	1,815,075	2,016,207	2,301,323	2,177,140	2,319,453	2,605,503
Business-type activities:										
Charges for services:										
Food service	252,690	257,604	274,418	270,759	273,753	258,523	276,602	267,096	285,249	299,975
Enrichment Program	61,863	148,506	137,636	55,880	56,858	42,311	50,521	69,234	81,077	71,707
Preschool Program							157,848	147,825	168,615	217,560
Operating grants and contributions	4,451	4,657	3,299	3,956	4,652	4,343	4,132	4,694	5,486	3,734
Total business type activities program revenues	319,004	410,767	415,353	330,595	335,263	305,177	489,103	488,949	540,427	592,976
Total district program revenues	\$ 3,347,468	\$ 3,378,815	\$ 2,299,718	\$ 2,399,437	\$ 2,150,338	\$ 2,321,384	\$ 2,790,426	\$ 2,666,089	\$ 2,859,880	\$ 3,198,479
Net (Expense)/Revenue										
Governmental activities	\$ (12,639,068)	\$ (13,962,722)	\$ (14,864,242)	\$ (15,592,881)	\$ (14,926,336)	\$ (14,750,729)	\$ (15,236,852)	\$ (15,007,200)	\$ (15,553,371)	\$ (15,510,729)
Business-type activities	2,816	(1,198)	27,554	(6,017)	6,600	(28,427)	137,173	(15,317)	(37,488)	228,888
Total district-wide net expense	\$ (12,636,252)	\$ (13,963,920)	\$ (14,836,688)	\$ (15,598,898)	\$ (14,919,736)	\$ (14,779,156)	\$ (15,099,679)	\$ (15,022,517)	\$ (15,590,859)	\$ (15,281,841)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,887,760	\$ 12,466,917	\$ 12,911,684	\$ 13,428,151	\$ 13,895,226	\$ 13,895,226	\$ 13,895,226	\$ 13,895,226	\$ 14,132,426	\$ 14,382,115
Taxes levied for debt service	1,159,099	1,240,672	1,230,597	1,203,991	1,194,260	1,149,255	1,209,613	1,174,250	1,215,438	1,178,925
Unrestricted grants and contributions	87,483	1,128,402	866,145	687,855	229,266	476,517	418,969	561,737	577,283	590,109
Cancellation of Prior Year Accounts Payable	31,630	76,439								
Payments in lieu of taxes										
Tuition Received					4,168	7,293	770			
Rental of Facilities					2,300	2,300	2,300			
Investment earnings	34,564	8,853	27,646	25,272	7,453	5,551	3,390	1,503	1,498	2,389
Refund from issuance of bonds				12,761		16,789				
Miscellaneous income	99,802	147,103	34,758	48,242	56,807	114,613	46,456	12,051	735	122,188
Capital lease payments			245,309	114,316	141,931	156,099	122,950	112,846	145,736	176,221
Fixed assets			219,946	(100,610)	203,749	(80,935)	12,572	(285,583)	(311,108)	194,802
Compensated absences				433,993						
Transfers	(17,626)									274,723
Income from debt refunding				231,391						
Retirement of long term debt						217,999				
GASB #68 Pension Plan Adjustment									(5,214,556)	
Total governmental activities	13,282,712	15,068,396	15,536,095	16,085,362	15,735,160	15,960,707	15,712,246	15,472,030	10,547,452	16,921,452
Business-type activities:										
Investment earnings	1,308	1,646	1,145	463	310	240	178	206	356	904
Fixed assets			(10,681)	(4,095)	26,633					
Transfers	17,626									(274,723)
Total business-type activities	18,934	1,646	(9,536)	(3,632)	26,943	240	178	206	356	(273,819)
Total district-wide	\$ 13,301,646	\$ 15,070,032	\$ 15,526,549	\$ 16,081,730	\$ 15,762,103	\$ 15,960,947	\$ 15,712,424	\$ 15,472,236	\$ 10,547,808	\$ 16,647,633
Change in Net Assets										
Governmental activities	\$ 643,644	\$ 1,105,664	\$ 671,843	\$ 492,481	\$ 808,824	\$ 1,209,978	\$ 475,394	\$ 464,830	\$ (5,005,919)	\$ 1,410,723
Business-type activities	21,750	448	18,018	(9,649)	33,543	(28,187)	137,351	(15,111)	(37,132)	(44,931)
Total district	\$ 665,394	\$ 1,106,112	\$ 689,861	\$ 482,832	\$ 842,367	\$ 1,181,791	\$ 612,745	\$ 449,719	\$ (5,043,051)	\$ 1,365,792

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 884,009	\$ 859,536	\$ 880,478	\$ 642,204	\$ 707,771	\$ 1,328,706	\$ 1,690,063	\$ 1,926,665	\$ 1,746,656	\$ 2,387,228
Committed					\$ 68,112	\$ 168,661				
Assigned						\$ 17,409	\$ 7,412	\$ 142,543	\$ 164,853	
Unreserved	428,942	380,258	340,382	320,355	443,221	431,374	278,090	418,684	428,878	437,668
Total general fund	<u>\$ 1,312,951</u>	<u>\$ 1,239,794</u>	<u>\$ 1,220,860</u>	<u>\$ 962,559</u>	<u>\$ 1,219,104</u>	<u>\$ 1,928,741</u>	<u>\$ 1,985,562</u>	<u>\$ 2,352,761</u>	<u>\$ 2,318,077</u>	<u>\$ 2,989,749</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund				-	-	-	-	-	-	-
Capital projects fund	(1,020,029)									
Debt service fund	2	10,995	11,990	18,133	17,138	42,562	42,562	42,562	42,562	42,562
Permanent fund										
Total all other governmental funds	<u>\$ (1,020,027)</u>	<u>\$ 10,995</u>	<u>\$ 11,990</u>	<u>\$ 18,133</u>	<u>\$ 17,138</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>

Source: School District Financial Reports

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

	Fiscal Year Ending Jun 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Local Tax levy	\$ 13,046,859	\$ 13,707,589	\$ 14,142,281	\$ 14,632,142	\$ 15,089,486	\$ 15,044,481	\$ 15,104,839	\$ 15,069,476	\$ 15,347,864	\$ 15,561,040
Tuition	103,875	56,105	48,004	-	4,168	7,293	770	27,675	46,785	63,384
Transportation Fees from other LEA's	870,024	789,595	776,965	798,722	665,327	708,242	689,515	763,331	726,985	740,743
Interest Earned on Capital Reserve Funds	13,468	8,852	4,323	2,632	659	365	369	25	1,214	2,369
Other Local Revenue	120,898	154,604	58,576	71,377	65,911	127,419	53,577	13,529	23,380	103,958
Rental Income										29,988
State sources	1,959,704	3,054,350	1,735,356	1,598,509	1,165,177	1,558,099	1,844,941	1,767,587	1,927,834	2,164,558
Federal sources	182,344	188,900	189,690	358,971	213,827	221,063	184,036	180,284	172,771	215,168
Total revenue	16,297,172	17,959,995	16,955,195	17,462,353	17,204,555	17,666,962	17,878,047	17,821,907	18,246,833	18,881,208
Expenditures										
Instruction:										
Regular	4,509,685	4,642,008	4,855,980	4,687,776	4,437,131	4,468,943	4,935,823	4,646,348	4,666,396	4,599,211
Special	1,074,240	1,201,206	1,167,065	1,469,607	1,508,645	1,106,013	1,054,901	946,119	990,755	1,080,940
Other Special	170,190	190,073	198,673	214,022	223,477	226,248	232,353	243,716	252,241	261,906
Other	156,486	165,542	143,131	201,329	161,488	179,162	195,786	192,737	203,555	239,089
School-Sponsored/Other Instructional	-	-	-	-	-	-	-	-	-	-
Total Instruction	5,910,601	6,198,829	6,364,849	6,572,734	6,330,741	5,980,366	6,418,863	6,028,920	6,112,947	6,181,146
Undistributed:										
Instruction										
Tuition	360,186	306,812	303,268	248,481	352,220	337,006	268,690	197,614	351,675	454,162
Support Services-Students	1,364,083	1,359,924	1,477,508	1,612,335	1,350,289	1,420,204	1,237,174	1,418,064	1,480,517	1,406,785
General Administration	453,266	518,193	479,029	434,222	427,754	482,255	381,969	442,729	501,575	432,695
School Administration	500,939	545,922	515,785	515,703	461,639	460,729	600,941	701,959	593,554	569,254
Central	238,030	202,586	206,791	234,562	220,677	229,251	208,909	221,053	221,225	212,405
Operations and Maintenance	1,102,675	1,244,937	1,222,982	1,308,485	1,075,483	1,192,280	1,158,448	1,337,980	1,300,093	1,397,712
Student Transportation	1,464,122	1,656,457	1,695,192	1,691,479	1,551,820	1,577,663	1,596,388	1,652,743	1,848,684	1,794,880
Business and Other Support Services:										
Employee Benefits										
Other										
On-behalf TPAF Pension Contributions										
Reimbursed TPAF Social Security Contributions										
Allocated Benefits	1,794,526	2,250,633	2,439,187	-	-	-	-	-	-	-
Unallocated Benefits	1,587,022	1,208,731	869,211	3,627,036	3,745,582	3,967,425	4,433,402	4,307,402	4,529,477	4,655,914
Total Undistributed	8,864,849	9,294,195	9,208,953	9,672,303	9,185,464	9,666,813	9,885,921	10,279,544	10,826,800	10,923,807
Charter Schools	5,813									
Capital Outlay	1,114,270	506,466	396,921	403,886	282,952	325,036	302,944	369,250	582,569	399,491
Education Jobs Program						22,370	3,885			
Debt Service	1,215,209	1,229,679	1,229,602	1,210,609	1,195,255	1,140,620	1,209,613	1,220,913	1,215,438	1,178,925
Total Governmental Fund Expenditures	17,110,742	17,229,169	17,200,325	17,859,532	16,994,412	17,135,205	17,821,226	17,898,627	18,737,754	18,683,369
Excess (Deficiency) of revenues over (under) expenditures	(813,570)	730,826	(245,130)	(397,179)	210,143	531,757	56,821	(76,720)	(490,921)	197,839

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Capital leases (non-budgeted)	468,766	150,600	227,191	132,258	45,409	186,515		273,217	228,440	199,110
Refund from issuance of bonds				12,761		16,789				
Adjustment - accounts payable	31,630	76,439								
Transfers in	21,096	1						170,702	233,356	274,723
Transfers out	(38,722)	(1)							(5,558)	
Total other financing sources (uses)	<u>482,770</u>	<u>227,039</u>	<u>227,191</u>	<u>145,019</u>	<u>45,409</u>	<u>203,304</u>	<u>-</u>	<u>443,919</u>	<u>456,237</u>	<u>473,833</u>
Net change in fund balances	<u>\$ (330,800)</u>	<u>\$ 957,865</u>	<u>(17,939)</u>	<u>(252,160)</u>	<u>255,552</u>	<u>735,061</u>	<u>56,821</u>	<u>367,199</u>	<u>(34,684)</u>	<u>671,672</u>
Debt service as a percentage of noncapital expenditures	7.60%	7.35%	7.32%	6.94%	7.15%	6.79%	6.90%	6.96%	6.69%	6.45%

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.

**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>RENTAL INCOME</u>	<u>TRANSPORTATION FEES</u>	<u>PRIOR YEAR REFUNDS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
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
2012	7,293	5,551		708,242	87,788	29,125	837,999
2013	770	3,390		689,515	-	48,756	742,431
2014	27,675	1,503		763,331	-	12,051	804,560
2015	46,785	1,498	18,229	726,985		4,867	798,364
2016	63,384	2,369	29,988	740,743		101,636	938,120

Source: District Records

REVENUE CAPACITY

Exhibit J-6

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

<u>Fiscal Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
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%
2011	1,889,924,347	2,082,561,263	90.75%
2012	1,890,259,447	2,009,845,238	94.05%
2013	1,886,227,802	1,950,799,257	96.69%
2014	1,878,805,350	1,940,914,618	96.80%
2015	1,876,739,393	1,938,181,351	96.83%

Source: Municipal Tax Assessor

**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	
* 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
2011	0.74	0.06	0.80	0.49	0.33	0.24	1.86
2012	0.74	0.06	0.80	0.50	0.33	0.25	1.88
2013	0.74	0.06	0.80	0.51	0.34	0.25	1.90
2014	0.75	0.06	0.81	0.51	0.34	0.25	1.91
2015	0.75	0.06	0.81	0.51	0.34	0.25	1.91

Source: Municipal Tax Collector and District Records
* Revaluation

Exhibit J-8

**MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR YEAR ENDED DECEMBER 31, 2015**

<u>Taxpayer</u>	<u>Assessed Valuation 2015</u>	<u>As a % of District's Net Assessed Valuation</u>
Shemy, LLC	\$ 8,454,200	0.45%
Woodland Lakes Inc.	7,774,700	0.41%
Mendham Golf and Tennis Club	6,199,400	0.33%
Southeast Morris Cty Municipal Utility Authority	4,870,100	0.26%
Individual Taxpayer # 1	4,097,300	0.22%
Individual Taxpayer # 2	3,985,600	0.21%
Desiree Farm	3,850,000	0.20%
Individual Taxpayer # 3	3,800,000	0.20%
Individual Taxpayer # 4	3,603,300	0.19%
Individual Taxpayer # 5	3,560,600	0.19%
Total	<u>\$ 50,195,200</u>	<u>2.67%</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**

<u>Fiscal Year-Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
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%
2011	36,065,040	35,626,627	98.78%
2012	36,312,255	35,967,260	99.04%
2013	36,595,612	36,209,794	98.94%
2014	37,300,192	36,983,045	99.14%
2015	38,096,083	37,809,817	99.25%

Source: Municipal Tax Collector

DEBT CAPACITY

MENDHAM TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten 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			
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
2012	10,150,000	286,521	-	-	10,436,521	2.53%	1,768
2013	9,335,000	163,571	-	-	9,498,571	2.25%	1,611
2014	8,530,000	323,942	-	-	8,853,942	2.03%	1,501
2015	7,655,000	406,646	-	-	8,061,646	1.90%	1,371
2016	6,785,000	429,535	-	-	7,214,535	1.48%	1,228

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

Exhibit J-11

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

<u>Fiscal Year</u>	<u>Estimated School District Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
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
2011	5,902	1,889,924,347	11,128,000	0.589%	1,885
2012	5,897	1,890,259,447	9,350,000	0.495%	1,586
2013	5,899	1,878,805,350	8,530,000	0.454%	1,446
2014	5,882	1,878,805,350	7,655,000	0.407%	1,301
2015	5,873	1,876,739,393	6,785,000	0.362%	1,155

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.

Exhibit J-12

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Net Direct Debt of School District as of June 30, 2016		\$ 6,785,000
Net Overlapping Debt of School District:		
Mendham Township (100%)	\$ 11,330,000	
West Morris Regional High School District (22.6415%)	4,035,250	
Morris County General Obligation Debt (2.0310%)	<u>4,966,240</u>	
Total Net Overlapping Debt of School District		<u>20,331,490</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2016		<u>\$ 27,116,490</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, 2016
UNAUDITED**

<u>Year</u>	<u>Equalized Valuation Basis</u>	
2015	\$ 1,973,641,040	
2014	\$ 1,964,809,733	
2013	<u>1,900,847,100</u>	
	<u>5,839,297,873</u>	
Average equalized valuation of taxable property		\$ 1,946,432,624
School borrowing margin (3% of Average Equalized Valuation)	\$ 58,392,979	
Net bonded school debt as of June 30, 2016	<u>6,785,000</u>	
School borrow margin available	<u>\$ 51,607,979</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>
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
2011	2.00%	69,811	5,902
2012	2.10%	71,730	5,897
2013	2.00%	74,057	5,899
2014	4.00%	75,054	5,882
2015	3.30%	82,810	5,873

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.

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

<u>Employer</u>	<u>2016</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
Mendham Township Board of Education	169		N/A
Township of Mendham	54		N/A
Mendham Golf and Tennis	33		N/A
Brookside Post Office	2		N/A

N/A - Data Not Available

OPERATING INFORMATION

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

Function/Program	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	63	64	64	64	59	60	59	58	58	58
Special education	22	23	24	22	27	26	26	25	26	28
Other special education	7	7	7	5						
Vocational										
Other instruction	3	3	3	3	3	3	3	3	3	3
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	17	16	16	16	16	14	14	14	14	14.5
General administration	7	6	7	3	4	3	3	3	3	3
School administrative services	10	10	10	8	6	6	6	6	6	6
Other administrative services					4	4	4	4	4	0
Central services				3	11	11	11	11	11	11
Administrative Information Technology										
Plant operations and maintenance	12	13	12	10	8	4	4	4	4	9
Pupil transportation	28	28	28	27	27	28	28	28	28.5	28.5
Other support services	2	3	3							
Special Schools										
Food Service										
Child Care										
Total	<u>171</u>	<u>173</u>	<u>174</u>	<u>161</u>	<u>165</u>	<u>159</u>	<u>158</u>	<u>156</u>	<u>157.5</u>	<u>161.0</u>

Source: District Personnel Records

MENDHAM TOWNSHIP SCHOOL DISTRICT
 Operating Statistics,
 Last Ten 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				
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	1:8.0	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	1:9.1	1:10.1	857	820	-5.03%	95.68%	
2012	803	15,982,540	\$ 19,904	13.67%	97	1:8.4	1:8.8	836	780	-2.45%	93.30%	
2013	786	16,304,784	\$ 20,744	4.05%	93	1:8.1	1:8.8	786	753	-5.98%	95.80%	
2014	733	16,308,464	\$ 22,249	6.76%	91	1:8.0	1:8.8	733	709	-6.74%	96.73%	
2015	706	16,939,747	\$ 23,994	7.27%	90	1:7.9	1:8.7	706	682	-3.68%	96.60%	
2016	708	16,887,463	\$ 23,852	-0.59%	90	1:7.9	1:8.6	708	686	0.28%	96.89%	

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.

MENDHAM TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300
Capacity (students)	695	695	695	695	695	695	695	695	695	695
Enrollment	514	503	448	443	447	447	447	447	331	362
<u>Middle School</u>										
Square Feet	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,375
Capacity (students)	548	548	548	548	548	548	548	548	548	548
Enrollment	387	407	461	461	456	456	456	456	375	346
<u>High School</u>										
N/A										
Square Feet	-	-	-	-	-	-	-	-	-	-
Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Other</u>										
N/A										
Square Feet										
Number of Schools at June 30, 2016										
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.

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>			
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
2012	78,414	121,942	200,356
2013	120,496	100,630	221,126
2014	115,286	119,819	235,105
2015	111,028	134,668	245,696
2016	123,661	200,897	324,558

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

Source: School District Records

Exhibit J-20

**MENDHAM TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2016
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property - Blanket Building and Contents (Pooled Coverage)	\$ 100,000,000	\$ 1,000
Boiler & Machinery, Extra Expense, Property in Transit	100,000,000	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	100,000,000	1,000
Casualty Coverage - School Alliance Insurance Fund		
General Liability	\$ 31,000,000	\$ 0
Auto Liability	31,000,000	0
Employee Benefits Liability	31,000,000	1,000
Crime and Fidelity - School Alliance Insurance Fund		
Forgery & Alteration	\$ 500,000	\$ 1,000
Money & Securities	50,000	500
Money Orders/Counterfeit	50,000	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	\$ 31,000,000	\$ 5,000
Coverage B	100,000/300,000	5,000
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

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K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mendham Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Mendham Township School District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mendham Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mendham Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mendham Township School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

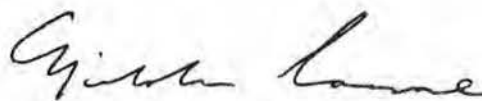
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mendham Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management of the Mendham Township School District Board of Education, 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, 2016

CANNONE AND COMPANY, P.A.*Certified Public Accountants*

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K-2

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as required by New Jersey OMB Circular 15-08

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

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the Mendham Township School District, in the County of Morris, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The Mendham Township School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mendham Township School District's major federal and state programs based on our audit of the types of compliance

requirements referred to above. 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Mendham Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Mendham Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with Uniform Guidance, in the New Jersey State Aid/Grant Compliance Supplement, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our opinion on each major federal and state program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Mendham Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mendham Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance, the

New Jersey State Aid/Grant Compliance Supplement, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

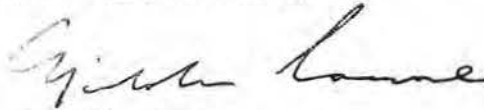
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and the New Jersey State Aid/Grant Compliance Supplement, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Financial Assistance Required by Uniform Guidance and State Financial Assistance

We have audited the financial statements of Mendham Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and the New Jersey State Aid/Grant Compliance Supplement, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements

This report is intended solely for the information of the management of the Mendham Township School Board of Education, 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, 2016

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Repayment	Cancellation of Prior Year Encumbrances	Balance at June 30, 2016		
					Deferred Revenue Accounts Receivable	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Agriculture Passed-through State Department of Education: Child Nutrition Cluster: Special Milk Program	10.556	N/A	7/1/15-6/30/16	\$ 3,734	\$	\$	\$ 3,584	\$ (3,734)	\$	\$	\$ (150)	\$	\$
Special Milk Program	10.556	N/A	7/1/14-6/30/15	5,486	(398)		398						
Total U.S. Department of Agriculture					(398)	0	3,982	(3,734)	0	0	(150)	0	0
U.S. Department of Education Passed-through State Department of Education: No Child Left Behind Consolidated: Title I			9/01/15-8/31/16	81,552			61,000	(61,000)					
Title II			9/01/15-8/31/16	11,082			11,082					11,082	
Title II: Part A	84.367	NCLB310015	9/01/14-8/31/15	11,204	(11,204)						(11,204)		
Special Education Cluster: I.D.E.A. Part B, Basic	84.027	IDEA310016	9/01/15-8/31/16	154,168			154,168	(154,168)					
I.D.E.A. Part B, Basic	84.027	IDEA310015	9/01/14-8/31/15	152,986	(152,986)		152,986						
I.D.E.A., Preschool	84.173	IDEA310016	9/01/15-8/31/16	8,696			8,696					8,696	
I.D.E.A., Preschool	84.173	IDEA310015	9/01/14-8/31/15	8,581	(8,581)		8,581						
Total U.S. Department of Education					(172,771)	0	396,513	(215,168)	0	0	(11,204)	19,778	0
Total Federal Financial Assistance					\$ (173,169)	\$ 0	\$ 400,495	\$ (218,902)	\$ 0	\$ 0	\$ (11,354)	19,778	0

See accompanying notes to schedules of financial assistance.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2015		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Receivable	Balance at June 30, 2016		Memo	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue				Budgetary Deferred Revenue	GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
State Department of Education												
General Fund:												
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	\$ 12,627	\$	\$	\$ 11,617	\$ (12,627)	\$	\$	\$ (1,010)	\$	12,627
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	12,627	(1,030)		1,030						12,627
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	69,600			64,035	(69,600)				(5,565)	69,600
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	69,600	(5,669)		5,669						69,600
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	333,875			306,629	(333,875)				(27,246)	333,875
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	333,875	(27,201)		27,201						333,875
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	6,970			6,413	(6,970)				(557)	6,970
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,970	(567)		567						6,970
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,970			6,413	(6,970)				(557)	6,970
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,970	(567)		567						6,970
Extraordinary Special Education Costs	16-100-034-5120-473	7/1/15-6/30/16	147,596				(147,596)			(147,596)	(147,596)	147,596
Extraordinary Special Education Costs	15-100-034-5120-473	7/1/14-6/30/15	129,975	(129,975)		129,975						129,975
Other State Aid-Non Public Transportation	16-100-034-5120-068	7/1/15-6/30/16	14,693				(14,693)			(14,693)	(14,693)	14,693
Other State Aid-Non Public Transportation	15-100-034-5120-068	7/1/14-6/30/15	18,610	(18,610)		18,610						18,610
On Behalf of TPAF Pension Contributions and Post Retirement Medical Benefits	16-495-034-5095-001	7/1/15-6/30/16	1,115,497			1,115,497	(1,115,497)					1,115,497
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	465,690	(22,923)		22,923						465,690
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	456,630			433,816	(456,630)			(22,814)	(22,814)	456,630
Total General Fund				\$ (206,542)	\$ 0	\$ 2,150,962	\$ (2,164,458)	\$ 0	\$ 0	\$ (185,103)	\$ (220,038)	\$ 3,208,775
Special Revenue Fund:												
Anti-Bullying Bill of Rights Act		7/1/15-6/30/16	572			572				572		
Anti-Bullying Bill of Rights Act		7/1/14-6/30/15	572							572		
Anti-Bullying Bill of Rights Act		7/1/13-6/30/14	572							572		
Total State Financial Assistance				\$ (206,542)	\$ 1,144	\$ 2,151,534	\$ (2,164,458)	\$ 0	\$ 1,716	\$ (185,103)	\$ (220,038)	\$ 3,208,775
Less State Financial Assistance not Subject to New Jersey OMB Circular 04-04 On Behalf of TPAF Pension Contributions							(1,115,497)					
Total State Financial Assistance Subject to New Jersey OMB Circular 04-04							(1,048,961)					

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, 2016

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 \$ 900 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	\$ -	\$ 2,164,558	\$ 2,164,558
Special Revenue Fund	215,168	-	\$ 215,168
Food Service	<u>3,734</u>	<u>-</u>	<u>\$ 3,734</u>
Total Financial Assistance	<u>\$ 218,902</u>	<u>\$ 2,164,558</u>	<u>\$ 2,383,460</u>

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THE MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

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, 2016. 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, 2016.

MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
November 30, 2016

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: Unmodified, dated
November 30, 2016

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, 2016

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:

\$750,000

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

16-495-034-5095-002

Reimbursed TPAF
Social Security Contributions

16-495-034-5120-089

Special Education Aid
(State Aid Public Cluster)

16-495-034-5120-084

Security Aid
(State Aid Public Cluster)

16-495-034-5120-014

Transportation Aid
(State Aid Public Cluster)

16-495-034-5120-098

PARCC Readiness Aid
(State Aid Public Cluster)

16-495-034-5120-097

Per Pupil Growth Aid
(State Aid Public Cluster)

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II - Schedule of Financial Statement Findings

Board Secretary's Records:

2016-1

1. Finding

- a. Condition: The Enterprise Funds did not reimburse the General Fund for incurred expenses in a timely fashion.
- b. Criteria: Expenditures paid by the District should be reimbursed by the Enterprise Funds.
- c. Cause: Unknown
- d. Effect: Unknown
- e. Recommendation: Expenditures made by the District on behalf of the Enterprise Funds should be reimbursed in a timely fashion.

2016-2

1. Finding

- a. Condition: For the Special Revenue Fund, the reports generated by the Board Secretary reported Budgeted Expenditures which exceed Budgeted Revenues.
- b. Criteria: For the Special Revenue Fund, Budgeted Expenditures should not exceed Budgeted Revenues.
- c. Cause: Unknown
- d. Effect: Unknown
- e. Recommendation: For the Special Revenue Fund, the Board Secretary's reports should report Budgeted Expenditures which equal Budgeted Revenues.

2016-3

1. Finding

- a. Condition: The Treasurer's records were not in agreement with the records of the Board Secretary. Also, the Treasurer's cash balance for the general operating account was not in agreement with the reconciled cash balance as determined during the audit.
- b. Criteria: The Treasurer's records should be in agreement with the Board Secretary's books and records and the Auditor's reconciled cash balances.
- c. Cause: Unknown
- d. Effect: Unknown
- e. Recommendation: The Treasurer should reconcile his/her cash records with the reconciled bank statements and the cash records of the Board Secretary.

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

No federal or state award 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
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Follow-up on Prior Year Findings

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

Finding 2015-1:

Condition: The budgetary line account for Student Transportation Services Salaries was over-expended during the fiscal year.

Current Status: Rectified

Finding 2015-2:

Condition: The Enterprise Funds did not reimburse the General Fund for incurred expenses in a timely fashion.

Current Status: Condition was not rectified

Finding 2015-3:

Condition: Revenues and Appropriations reported in the Original Advertised Budget for the fiscal year ended June 30, 2015 were not reported correctly in the District's Revenue Report and DOE Budget Report.

Current Status: Rectified