

**MENDHAM TOWNSHIP
SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2015

**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, 2015***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of

**BOARD OF EDUCATION
MENDHAM, NEW JERSEY**

For the Fiscal Year Ended June 30, 2015

Prepared by

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

STATE BOARD OF EDUCATION

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JOSEPH FISICARO..... Vice President	Burlington
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**David C. Hespe, Commissioner of Education
Secretary, State Board of Education**

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

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INTRODUCTORY SECTION

Mendham Township Board of Education

18 West Main Street * Post Office Box 510
Brookside, NJ 07926

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Superintendent
SConstantino@mendhamtp.org
Fax 973-543-5537



Mr. Thomas Kryger
School Business Administrator
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973-543-7107 Ext. 230

December 14, 2015

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, 2015, 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 2014-15 fiscal year with an average daily enrollment of 706 students, which is a decrease of 26 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

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

Our students continue to score above the State mean on the New Jersey Assessment of Skills and Knowledge in grades three through eight on the NJ ASK. We offer an integrated preschool program for youngsters experiencing developmental language problems as well as a resource room and inclusion programs for classified students K-8. Speech and language services make up a significant part of our related services.

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

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

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

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 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, 2015, the District has \$7,655,000 of outstanding bonded debt. The District also has \$406,646 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, 2015, 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.

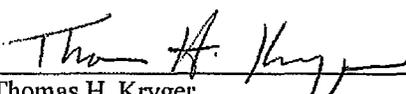
11) ACKNOWLEDGMENTS:

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



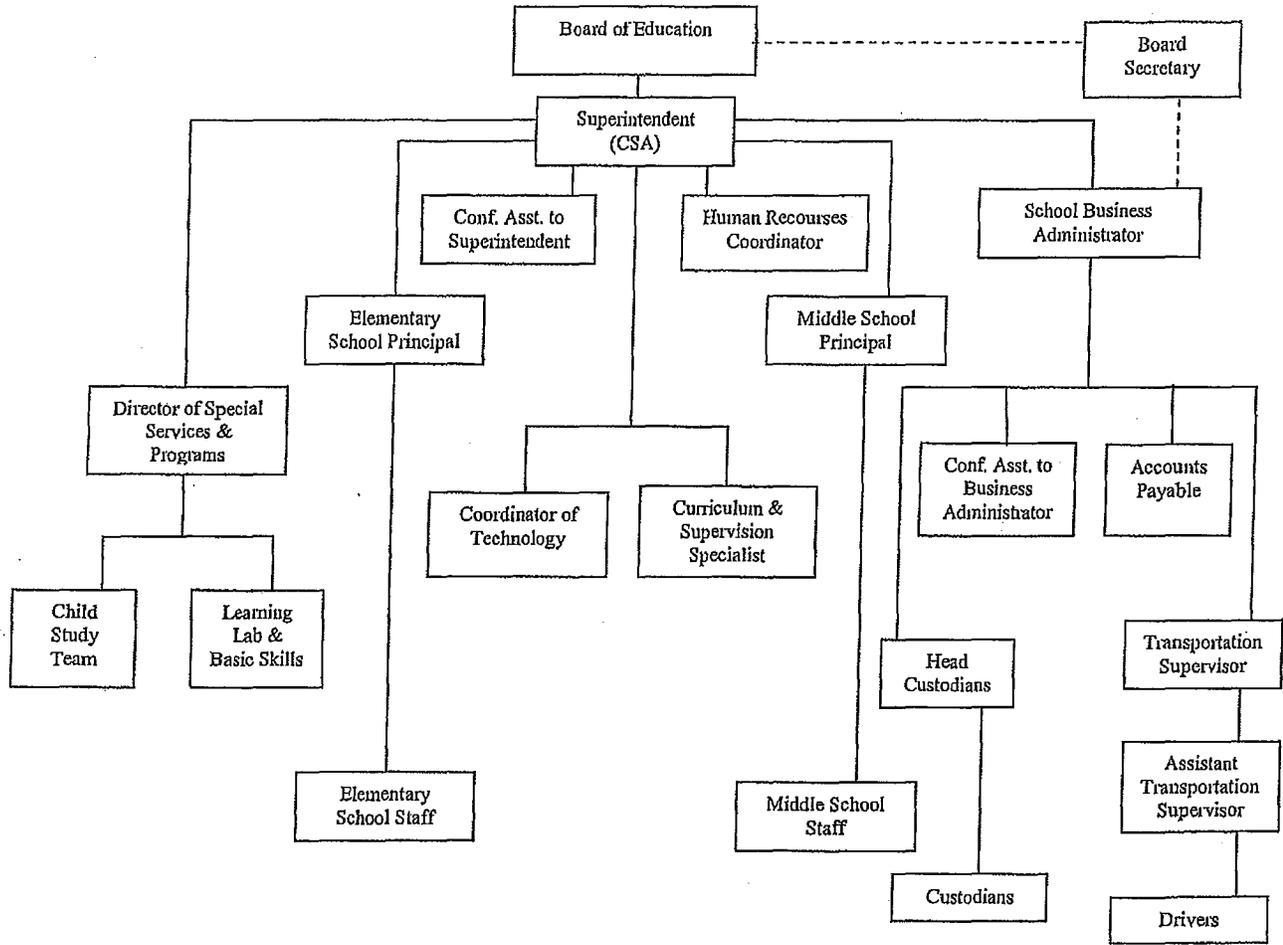
Thomas H. Kryger
Business Administrator/Board Secretary

POLICY

MENDHAM TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 17 December 2013



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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jocelyn deGrandpre, President	2017
Andrew Christmann, Vice President	2015
Brian Jendryka	2016
Kenneth Elgarten	2016
Frank Kontely	2016
Jeffrey Brauner	2017
Fion Wood	2015

Other Officials

Salvatore Constantino, Superintendent

Thomas Kryger, School Business Administrator/Board Secretary

Jonathan S. Rheinhardt, Treasurer

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

**CONSULTANTS AND ADVISORS
June 30, 2015**

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Official Depository

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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, 2015, and the related notes to the financial statements, which collectively comprise 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, 2015, 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 60 through 75 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

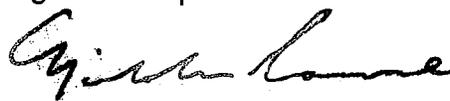
financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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, 2015 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, 2015

***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, 2015

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, 2015. 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 2014-2015 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 2014-2015 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 2014-2015 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 2015.

Table 1
Net Assets

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$964,074	\$603,947	\$1,568,021
Investments			-
Receivables, net	351,525	1,570	353,095
Inventory			-
Restricted assets:			
Cash and cash equivalents	135,258		135,258
Capital reserve account – cash	608,286		608,286
Capital assets, net (Note 4):	20,087,993	42,440	20,130,433
Interfund Receivable			-
Other assets		2,004	2,004
Total Assets	<u>22,147,136</u>	<u>649,961</u>	<u>22,797,097</u>
LIABILITIES			
Accounts payable	\$ 25,458	24,536	49,994
Accrued Interest Expense	\$ 62,327		62,327
Deposits payable	\$		-
Payable to federal government	\$		-
Payable to state/local government	\$ 103,069		103,069
Deferred revenue	\$ 1,164	20,195	21,359
Proportionate Share of Pension Plan Liability	\$ 4,729,890		4,729,890
Pension Plan Deferred In/Outflows of Resources-Net	\$ 669,011		669,011
Noncurrent liabilities (Note 5):			
Interfund Payable			-
Due within one year	1,006,411		1,006,411
Due beyond one year	7,263,882		7,263,882
Total liabilities	<u>\$ 13,861,212</u>	<u>44,731</u>	<u>13,905,943</u>

NET ASSETS

Invested in capital assets, net of related debt	\$	12,026,347	42,440	12,068,787
Restricted for:				
Debt service	\$	42,562		42,562
Capital projects	\$			
Other purposes	\$	1,138,370		1,138,370
Unrestricted (Deficit)	\$	<u>(4,921,355)</u>	<u>562,790</u>	<u>(4,358,565)</u>
Total net assets	\$	<u><u>8,285,924</u></u>	<u><u>605,230</u></u>	<u><u>\$ 8,891,154</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 2015 with selected comparative data for 2014.

Table 2
Changes in Net Assets

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$1,326,940	\$ 1,275,261
Operating Grants and Contributions	1,532,940	1,390,828
General Revenues:		
Property Taxes	15,347,864	15,069,476
Federal and State Aid not restricted	577,283	561,737
Other Revenue (Including GASB 68 liability)	<u>(5,377,339)</u>	<u>(158,977)</u>
Total Revenues	13,407,688	18,138,325
<u>Program Expenses</u>		
Instruction	8,098,241	8,043,941
Support Services	9,256,852	8,776,399
Interest on Long Term Debt	333,386	364,000
Food Services	275,445	301,289
Other	302,470	202,977
Total Expenses	<u>18,266,394</u>	<u>17,688,606</u>
Increase/ (Decrease) in Net Assets	<u><u>(4,858,706)</u></u>	<u><u>449,719</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, 2015, the School District had approximately \$20,087,993 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>20,073,993</u>	<u>42,440</u>
Total	\$20,087,993	\$42,440

Long-Term Debt

At year-end, the District had \$7,655,000 in general obligation bonds outstanding – a reduction of \$875,000 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</u>
	<u>2014-2015</u>	<u>2013-2014</u>	<u>Change</u>
General Obligation Bonds	\$7,655,000	\$8,530,000	-10.25%
Other Long-Term Liabilities	406,646	323,942	25.53%
Total Long-Term Liabilities	\$8,061,646	\$8,853,942	-6.78%

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 2014-2015 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
6/30/2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 964,074	\$ 603,947	\$ 1,568,021
Investments			-
Receivables, net	351,525	1,570	353,095
Inventory			-
Restricted assets:			-
Cash and cash equivalents	135,258		135,258
Capital reserve account - cash	608,286		608,286
Capital assets, net (Note 4):	20,087,993	42,440	20,130,433
Interfund Receivable		-	-
Other assets		2,004	2,004
Total Assets	<u>22,147,136</u>	<u>649,961</u>	<u>22,797,097</u>
LIABILITIES			
Accounts payable	25,458	24,536	49,994
Accrued Interest Expense	62,327		62,327
Deposits			-
Payable to federal government			-
Payable to state\local government	103,069		103,069
Deferred revenue	1,164	20,195	21,359
Proportionate Share of Pension Plan Liability	4,729,890		4,729,890
Pension Plan Deferred Inflows/Outflows of Resources - Net	669,011		669,011
Noncurrent liabilities (Note 5):			-
Due within one year	1,006,411		1,006,411
Due beyond one year	7,263,882		7,263,882
Total liabilities	<u>13,861,212</u>	<u>44,731</u>	<u>13,905,943</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,026,347	42,440	12,068,787
Restricted for:			-
Debt service	42,562		42,562
Capital projects			-
Other purposes	1,138,370		1,138,370
Unrestricted (Deficit)	(4,921,355)	562,790	(4,358,565)
Total net assets	<u>\$ 8,285,924</u>	<u>\$ 605,230</u>	<u>\$ 8,891,154</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, 2015

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	\$ 6,104,125		\$ 634,153		\$ (5,469,972)		\$ (5,469,972)
Special education	1,364,647		138,567		(1,226,080)		(1,226,080)
Other special instruction	349,116		27,011		(322,105)		(322,105)
Vocational					-		-
Other instruction	280,353		18,908		(261,445)		(261,445)
Nonpublic school programs					-		-
Adult/continuing education programs					-		-
Support services:							
Tuition	484,355	46,785	34,034		(403,536)		(403,536)
Student & instruction related services	2,028,083		202,765		(1,825,318)		(1,825,318)
School administrative services	818,574		62,800		(755,774)		(755,774)
General and business administrative services	713,418		56,723		(656,695)		(656,695)
Central Services	304,689		25,661		(279,028)		(279,028)
Plant operations and maintenance	2,283,844	18,229	148,695		(2,116,920)		(2,116,920)
Pupil transportation	2,696,545	726,985	178,137		(1,791,423)		(1,791,423)
Business and other support services					-		-
Compensated absences	(72,656)				72,656		72,656
Unallocated Benefits					-		-
Special schools					-		-
Proportionate share of pension plan expense	184,345				(184,345)		(184,345)
Debt service					-		-
Interest on long-term debt	333,386				(333,386)		(333,386)
Unallocated depreciation					-		-
Total governmental activities	<u>17,872,824</u>	<u>791,999</u>	<u>1,527,454</u>	<u>-</u>	<u>(15,553,371)</u>	<u>-</u>	<u>(15,553,371)</u>
Business-type activities:							
Food Service	275,445	285,249	5,486			15,290	15,290
Enrichment Program	98,249	81,077				(17,172)	(17,172)
Preschool Program	204,221	168,615				(35,606)	(35,606)
Total business-type activities	<u>577,915</u>	<u>534,941</u>	<u>5,486</u>	<u>-</u>	<u>-</u>	<u>(37,488)</u>	<u>(37,488)</u>
Total primary government	<u>\$ 18,450,739</u>	<u>\$ 1,326,940</u>	<u>\$ 1,532,940</u>	<u>\$ -</u>	<u>\$ (15,553,371)</u>	<u>\$ (37,488)</u>	<u>\$ (15,590,859)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					14,132,426		\$ 14,132,426
Taxes levied for debt service					1,215,438		1,215,438
Federal and State aid not restricted					577,283		577,283
Investment Earnings					1,498	356	1,854
Miscellaneous Income					735		735
Adjustments:							
Fixed Asset Adjustments					(311,108)		(311,108)
Capital Lease Payments					145,736		145,736
GASB 68 Pension Plan Adjustment for 6/30/14 liability					(5,214,556)		(5,214,556)
Total general revenues, special items, extraordinary items and transfers							
					<u>10,547,452</u>	<u>356</u>	<u>10,547,808</u>
Change in Net Assets					<u>(5,005,919)</u>	<u>(37,132)</u>	<u>(5,043,051)</u>
Net Assets—beginning					<u>13,723,030</u>	<u>211,175</u>	<u>13,934,205</u>
Net Assets—ending					<u>\$ 8,717,111</u>	<u>\$ 174,043</u>	<u>\$ 8,891,154</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
06/30/2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,093,556	\$ (172,044)		\$ 42,562	\$ 964,074
Investments					-
Capital Reserve Account	608,286				608,286
Receivables, net					-
Interfund receivable:					
General fund					-
Special revenue					-
Capital projects fund					-
Debt service fund					-
Enterprise Fund	442,251				442,251
Receivables from governments:					
Federal		172,771			172,771
State	171,906				171,906
Other	6,411	437			6,848
Accounts Receivable - Other					-
Interest receivable on investments					-
Inventory					-
Maintenance Reserve	135,258				135,258
	<u>2,457,668</u>	<u>1,164</u>	<u>-</u>	<u>42,562</u>	<u>2,501,394</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	25,458				25,458
Accrued Interest					-
Interfund payable:					
General fund					-
Capital projects fund					-
Debt service fund					-
Food service fund	11,064				11,064
Payable to federal government					-
Payable to state and local government	103,069			-	103,069
Deferred revenue		1,164			1,164
Total liabilities	<u>139,591</u>	<u>1,164</u>	<u>-</u>	<u>-</u>	<u>140,755</u>
Fund Balances:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	437,198				437,198
Reserve for Excess Surplus	565,914				565,914
Reserve for Capital Reserve	608,286				608,286
Reserve for Maintenance	135,258				135,258
Committed Fund Balance:					
Reserve for Impact Aid					-
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	131,772				131,772
Reserve for encumbrances	10,771				10,771
Unrestricted Fund Balance	428,878			42,562	471,440
Total Fund balances	<u>2,318,077</u>	<u>-</u>	<u>-</u>	<u>42,562</u>	<u>2,360,639</u>
Total liabilities and fund balances	<u>\$ 2,457,668</u>	<u>\$ 1,164</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.	(62,327)
Proportionate Share of Pension Plan Expense	(184,345)
GASB #68 Pension Plan Adjustment	(5,214,556)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 30,699,072 and the accumulated depreciation is \$ 10,611,079 (See Note 4). 20,087,993

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) (8,270,293)

Net assets of governmental activities \$ 8,717,111

Mendham Township School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 14,132,426			\$ 1,215,438	\$ 15,347,864
Transportation Fees	726,985				726,985
Rental Facilities	18,229				18,229
Tuition charges	46,785				46,785
Interest on Investments	284				284
Interest Earned on Capital Reserve Funds	1,214				1,214
Interest Earned on Maintenance Reserve Funds					-
Miscellaneous	735	4,132			4,867
Total - Local Sources	14,926,658	4,132	-	1,215,438	16,146,228
State sources	1,927,834				1,927,834
Federal sources		172,771			172,771
Total revenues	16,854,492	176,903	-	1,215,438	18,246,833
EXPENDITURES					
Current:					
Regular instruction	4,521,278	145,118			4,666,396
Special education instruction	990,755				990,755
Other special instruction	252,241				252,241
Vocational education					-
Other instruction	203,555				203,555
Nonpublic school programs					-
Adult/continuing education programs					-
Support services and undistributed costs:					-
Tuition	351,675				351,675
Student & instruction related services	1,448,732	31,785			1,480,517
General administrative services	501,575				501,575
School administrative services	593,554				593,554
Central services	221,225				221,225
Plant operations and maintenance	1,300,093				1,300,093
Pupil transportation	1,848,684				1,848,684
Allocated benefits					-
Unallocated benefits	4,529,477				4,529,477
Special schools					-
Transfer to charter school					-
Debt service:					
Principal				875,000	875,000
Interest and other charges				340,438	340,438
Capital outlay	582,569				582,569
Education Jobs Program					-
Total expenditures	17,345,413	176,903	-	1,215,438	18,737,754
Excess (Deficiency) of revenues over expenditures	(490,921)	-	-	-	(490,921)
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	228,440				228,440
Transfers - Capital Reserve					-
Transfers in	233,355				233,355
Transfers out	(5,558)				(5,558)
Total other financing sources and uses	456,237	-	-	-	456,237
Net change in fund balances	(34,684)	-	-	-	(34,684)
Fund balance—July 1	2,352,761			42,562	2,395,323
Fund balance—June 30	\$ 2,318,077	\$ -	\$ -	\$ 42,562	\$ 2,360,639

**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, 2015**

Total net change in fund balances - governmental funds (from B-2)

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

(34,684)

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	\$ (715,799)	
Capital outlays	582,569	
Fixed Asset Adjustments	<u>(311,108)</u>	
		(444,338)

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	\$ 875,000	
Retirement of Bonds Outstanding	<u> </u>	
		875,000

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	\$ 145,736	
Voluntary Separation of Service Program Payments	<u> </u>	
		145,736

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>(228,440)</u>	
		(228,440)

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	\$ 69,379	
Current year accrued interest on long term debt which was not paid in the current year	(62,327)	
Proportionate share of pension plan expense	(184,345)	
GASB 68 Adjustment for pension plan liability as of 6/30/14	(5,214,556)	
Decrease in compensated absences payable	<u>72,656</u>	
		(5,319,193)

Change in net assets of governmental activities

\$ (5,005,919)

PROPRIETARY FUNDS

Mendham Township School District
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Food Service	Enrichment Program	Pre-School Program	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,692	\$ 155,077	\$ 410,178	\$ 603,947
Investments				-
Accounts receivable			1,570	1,570
Other receivables				-
Interfund receivable - Food Service				-
Interfund receivable - General Fund	11,064			11,064
Inventories	2,004			2,004
Total current assets	51,760	155,077	411,748	618,585
Noncurrent assets:				
Restricted cash and cash equivalents				-
Furniture, machinery & equipment	96,955		43,869	140,824
Less accumulated depreciation	(91,044)		\$ (7,340)	(98,384)
Total noncurrent assets	5,911	-	36,529	42,440
Total assets	57,671	155,077	448,277	661,025
LIABILITIES				
Current liabilities:				
Accounts payable	24,536			24,536
Due to General Fund		96,744	345,507	442,251
Interfund payable - Fiduciary Fund				-
Unearned Income	9,035		11,160	20,195
Compensated absences				-
Total current liabilities	33,571	96,744	356,667	486,982
Noncurrent Liabilities:				
Compensated absences				-
Total noncurrent liabilities	-	-	-	-
Total liabilities	33,571	96,744	356,667	486,982
NET ASSETS				
Invested in capital assets net of related debt	5,911		36,529	42,440
Restricted for:				
Capital projects				-
Unrestricted	18,189	58,333	55,081	131,603
Total net assets	\$ 24,100	\$ 58,333	\$ 91,610	\$ 174,043

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, 2015

	Business-type Activities - Enterprise Fund			Total Enterprise
	Food Service	Enrichment Program	Preschool Program	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 285,249			\$ 285,249
Daily sales - non-reimbursable programs				-
Tuition			168,615	168,615
Miscellaneous		81,077		81,077
Total operating revenues	<u>285,249</u>	<u>81,077</u>	<u>168,615</u>	<u>534,941</u>
Operating expenses:				
Cost of sales	118,250			118,250
Salaries and Payroll Taxes	97,842	3,294	13,175	114,311
Management and Audit Fee	15,005			15,005
Show and Performance Expense		29,770		29,770
Other purchased professional services				-
Cleaning, repair and maintenance services	5,585			5,585
Depreciation	4,221		2,964	7,185
Meals			16,508	16,508
Insurance	15,732			15,732
Supplies and Materials	8,585		3,404	11,989
Miscellaneous expense	10,225			10,225
Total Operating Expenses	<u>275,445</u>	<u>33,064</u>	<u>36,051</u>	<u>344,560</u>
Operating income (loss)	<u>9,804</u>	<u>48,013</u>	<u>132,564</u>	<u>190,381</u>
Nonoperating revenues (expenses):				
State sources:				
State school lunch program				-
Federal sources:				
National school lunch program				-
Special milk program	5,486			5,486
Food Distribution Program				-
Loss on disposal of fixed assets				-
Interest and investment revenue	34	97	225	356
Total nonoperating revenues (expenses)	<u>5,520</u>	<u>97</u>	<u>225</u>	<u>5,842</u>
Income (loss) before contributions & transfers	<u>15,324</u>	<u>48,110</u>	<u>132,789</u>	<u>196,223</u>
Capital contributions				-
Transfers in (out)		(65,185)	(168,170)	(233,355)
Change in net assets	15,324	(17,075)	(35,381)	(37,132)
Total net assets—beginning	8,776	75,408	126,991	211,175
Total net assets—ending	<u>\$ 24,100</u>	<u>\$ 58,333</u>	<u>\$ 91,610</u>	<u>\$ 174,043</u>

Mendham Township School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds			
	Food Service	Enrichment Program	Preschool Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,502	\$ 113,198	\$ 328,169	\$ 450,869
Payments to employees				-
Payments for employee benefits				-
Payments to suppliers				-
Net cash provided by (used for) operating activities	<u>9,502</u>	<u>113,198</u>	<u>328,169</u>	<u>450,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources				-
Federal Sources - Special Milk Program	5,486			5,486
Operating subsidies and transfers to other funds		(65,185)	(168,170)	(233,355)
Net cash provided by (used for) non-capital financing activities	<u>5,486</u>	<u>(65,185)</u>	<u>(168,170)</u>	<u>(227,869)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in capital contributions				-
Purchases of capital assets				-
Gain/Loss on sale of fixed assets (proceeds)				-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	34	97	225	356
Proceeds from sale/maturities of investments				-
Net cash provided by (used for) investing activities	<u>34</u>	<u>97</u>	<u>225</u>	<u>356</u>
Net increase (decrease) in cash and cash equivalents	15,022	48,110	160,224	223,356
Balances—beginning of year	23,670	106,967	249,954	380,591
Balances—end of year	<u>\$ 38,692</u>	<u>\$ 155,077</u>	<u>\$ 410,178</u>	<u>\$ 603,947</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 9,804	\$ 48,013	\$ 132,564	190,381
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				-
Depreciation and net amortization	4,221		2,964	7,185
(Increase) decrease in accounts receivable			(1,570)	(1,570)
(Increase) decrease in inventories	936			936
(Increase) decrease in other current assets				-
Increase (decrease) in accounts payable	(148)			(148)
Increase (decrease) in Due to General Fund	(5,486)	65,185	201,256	260,955
Increase(decrease) in Unearned Revenue	175		(7,045)	(6,870)
Total adjustments	<u>(302)</u>	<u>65,185</u>	<u>195,605</u>	<u>260,488</u>
Net cash provided by (used for) operating activities	<u>9,502</u>	<u>113,198</u>	<u>328,169</u>	<u>450,869</u>

FIDUCIARY FUNDS

Mendham Township School District
Statement of Fiduciary Net Position
Fiduciary Funds
6/30/2015

	Unemployment Compensation Trust	Flex Spending Trust	Agency Fund	
			Student Activity	Payroll
ASSETS				
Cash and cash equivalents	\$ 133,651	\$3,414	\$ 56,834	\$ 438,745
Interfund Rec-Enrichment Program				
Investments, at fair value:				
U.S. government obligations				
NJ municipal bonds				
Total investments	-	-	-	-
Total assets	133,651	3,414	56,834	438,745
LIABILITIES				
Accounts payable				
Payable to district				
Payable to student groups			56,834	
Accrued Salaries and Wages				359,005
Interfund Payable - General Fund				
Payroll deductions and withholdings				79,740
Total liabilities	-	-	56,834	\$ 438,745
NET ASSETS				
Held in trust for unemployment claims and other purposes	\$ 133,651		\$ -	\$ -
Reserved for scholarships				
Reserved for Flex Spending Claims		\$ 3,414		

Exhibit B-8

Mendham Township School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
ADDITIONS		
Contributions:		
Plan member	\$ 26,480	\$ 5,800
Other		
Total Contributions	<u>26,480</u>	<u>5,800</u>
Investment earnings:		
Net increase (decrease) in fair value of investments		
Interest	98	2
Dividends		
Less investment expense		
Net investment earnings	<u>98</u>	<u>2</u>
Total additions	<u>26,578</u>	<u>5,802</u>
DEDUCTIONS		
Quarterly contribution reports	7,567	
Unemployment claims	14,919	
Flex Spending Claims		4,732
Scholarships awarded		
Refunds of contributions		
Administrative expenses		300
Transfer Interest to General Fund		
Total deductions	<u>22,486</u>	<u>5,032</u>
Change in net assets	4,092	770
Net assets—beginning of the year	<u>129,559</u>	<u>2,644</u>
Net assets—end of the year	<u>\$ 133,651</u>	<u>\$ 3,414</u>

NOTES TO THE FINANCIAL STATEMENTS

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 -fo r 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, 2015.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015.

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, 2015**

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"	\$ 16,855,836	\$ 176,903
Adjust for State Aid Payment:		
Add: Prior Year Payment	33,691	
Less: Current Year Payment	(35,035)	
Adjust for Encumbrances:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
	<hr/>	<hr/>
Total Revenues (GAAP Basis)	\$ <u>16,854,492</u>	\$ <u>176,903</u>
Uses/outflows of resources		
Actual amounts (budgetary) "total outflows"	\$ 17,345,413	176,903
Adjustments:		
Add Prior Year Encumbrances		
Less Current Year Encumbrances		
	<hr/>	<hr/>
Total Expenditures (GAAP Basis)	\$ <u>17,345,413</u>	\$ <u>176,903</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, 2015**

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 2011-2012 have been certified and finalized. Tuition charges for the years subsequent to the years 2011-2012 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, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015 through the date of November 30, 2015, 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, 2015**

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, 2015**

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, 2015**

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, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Savings and Money Management	\$ 2,944,209 =====

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, 2015**

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 \$2,353,112 General Fund balance at June 30, 2015, \$1,003,112 is restricted for excess surplus; \$608,286 is restricted for the Capital Reserve Account; \$135,258 is restricted for the Maintenance Reserve; \$10,771 is assigned for other purposes; \$131,772 is assigned as designated for subsequent year's expenditures and \$463,913 is unassigned.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 4. CAPITAL ASSETS

Fixed asset activity for the fiscal year ended June 30, 2015 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				25,770,026
Machinery and equipment	3,999,373	271,461			4,270,834
Totals at historical cost	30,413,611	271,461	-	-	30,685,072
Less accumulated depreciation for :					
Site Improvements	359,471	11,123			370,594
Building and improvements	6,361,390	457,691			6,819,081
Equipment	3,174,419	246,985			3,421,404
Total	9,895,280	715,799	-	-	10,611,079
Total capital assets being depreciated, net of accumulated depreciation	20,518,331	(444,338)	-	-	20,073,993
Governmental activity capital assets, net	<u>\$ 20,532,331</u>	<u>\$ (444,338)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,087,993</u>
Business-type activities:					
<i>Capital assets being depreciated:</i>					
Equipment	\$ 140,824		\$ -		140,824
Less accumulated depreciation	91,058	7,045	-		98,103
Enterprise fund capital assets, net	<u>\$ 49,766</u>	<u>\$ (7,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,721</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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	\$ 45,676
Special Education	99
Other Instruction	1,709
Student and Instruction Related Services	987
General and Business Administrative Services	22,608
School Administrative Services	1,083
Plant Operations and Maintenance	493,250
Pupil Transportation	150,387
Unallocated	-
Total	<u>\$ 715,799</u>

NOTE 5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 07/01/14	Issued	Retired	Balance 06/30/15	Amounts Due within One Year
Compensated Absences Payable	\$ 281,303		\$ 72,656	\$ 208,647	
Bonds Payable	8,530,000		875,000	7,655,000	870,000
Capital Leases Payable	323,942	228,440	145,736	406,646	136,411
	<u>\$ 9,135,245</u>	<u>\$ 228,440</u>	<u>\$ 1,093,392</u>	<u>\$ 8,270,293</u>	<u>\$ 1,006,411</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015 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>
2015	\$ 870,000	\$ 308,925	\$ 1,178,925
2016 - 2020	4,295,000	974,625	5,269,625
2021 - 2024	2,490,000	205,775	2,695,775
	<u>\$ 7,655,000</u>	<u>\$ 1,489,325</u>	<u>\$ 9,144,325</u>

B. Bonds Issued During the Year:

No Bonds were issued during the year.

C. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015:

	<u>Total</u>
Year ending June 30,	
2016	\$ 149,004
2017	105,293
2018	105,293
2019	47,056
	<u>406,646</u>
Less: Amount representing interest	<u>0</u>
Net minimum lease payments	<u><u>406,646</u></u>

NOTE 6. PENSION PLANS

Plan Descriptions

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

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 6. PENSION PLANS (Continued)

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.

For the year ended June 30, 2015, the District recognized pension expense of \$392,608, consisting of employer contributions of \$208,263 and non-employer contributions of \$184,435. At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	148,733	-
Net difference between projected and actual earnings on pension plan investments	-	281,876
Changes in proportion and differences between District contributions and proportionate share of contributions	-	326,341
District contributions subsequent to the measurement date	-	-
Total:	<u>\$ 148,733</u>	<u>\$ 608,217</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. 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:	
2015	\$ (43,192)
2016	\$ (43,192)
2017	\$ (43,192)
2018	\$ (43,192)
2019	\$ 27,381
Thereafter	\$ <u>12,048</u>
Total	\$ <u>(133,339)</u>

Additional Information

Collective balances at December 31, 2013 and 2014 are as follows:

	<u>12/31/13</u>	<u>12/31/14</u>
Collective deferred outflows of resources	\$ -	\$ 148,733
Collective deferred inflows of resources	-	281,876
Collective net pension liability	5,214,556	4,729,890
District's Proportion	<u>0.0253%</u>	<u>0.0253%</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, 2015**

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, 2015, the District recognized pension expense of \$1,870,668 and revenue of \$1,870,668 for support provided by the State. At June 30, 2015, 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	\$ -	\$ 15,274
Changes of assumptions	1,603,645	
Net difference between projected and actual earnings on pension plan investments	-	1,210,568
Changes in proportion and differences between District contributions and proportionate share of contributions	-	58,335
District contributions subsequent to the measurement date	-	
Total:	<u>\$ 1,603,645</u>	<u>\$ 1,284,177</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015. 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:	
2015	\$ (91,482)
2016	(91,482)
2017	(91,482)
2018	(91,482)
2019	213,234
Thereafter	<u>533,086</u>
Total	<u>\$ 380,392</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, 2015**

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, 2015, the State of New Jersey contributed \$884,861 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 \$465,690 during the year ended June 30, 2015 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, 2015**

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, 2014, there were 103,432 retirees receiving post retirement medical benefits. The state contributed \$1.04 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

For the fiscal year ended June 30, 2015, the State of New Jersey contributed on behalf of the District \$884,861 to the TPAF for post-retirement benefits.

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

All interfund balances on the balance sheet at June 30, 2015 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 442,251	\$ 11,064
Special Revenue Fund		
Capital Projects Fund		
Debt Service Fund		
Enterprise Fund	11,064	442,251
Trust and Agency Fund		
	<u>\$453,315</u>	<u>\$453,315</u>

These amounts represent temporary advances between the various funds.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 9. ACCOUNTS PAYABLE

Payables as of June 30, 2015 were:

	<u>Governmental Activities General Fund</u>	<u>Governmental Activities Special Revenue Fund</u>	<u>Business Type Activities Proprietary Funds</u>	<u>Fiduciary Fund Student Activities Agency Fund</u>
Accrued Salaries & Wages	\$ -	\$ -	\$ -	
Vendors	25,548	-	24,536	-
	<u>\$ 25,548</u>	<u>\$ -</u>	<u>\$ 24,536</u>	<u>\$ -</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 2014-2015 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, 2015**

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 607,072
Increased by:	
Interest Earnings	1,214
Transfers	
	<hr/>
Ending Balance, June 30, 2015	<u>\$ 608,286</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, 2015 is \$ 565,914

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 14. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$ 2,353,112 General Fund fund balance at June 30, 2015, \$ 10,771 is reserved for encumbrances; \$ 565,194 has been reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$ 437,198 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$ 608,286 has been reserved in the Capital Reserve Account; \$ 135,258 has been reserved in the Maintenance Reserve Account; \$ 131,772 has been appropriated and included as anticipated revenue for the year ending June 30, 2015; and \$ 463,913 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2015 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, 2015**

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, 2015. 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, 2015.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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, 2015 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, 2015**

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 \$2,353,112 General Fund balance at June 30, 2015, \$1,003,112 is restricted for excess surplus; \$608,286 is restricted for the Capital Reserve Account; \$135,258 is restricted for the Maintenance Reserve; \$10,771 is assigned for other purposes; \$131,772 is assigned as designated for subsequent year's expenditures and \$463,913 is unassigned.

***REQUIRED SUPPLEMENTARY INFORMATION
PART II***

BUDGETARY COMPARISON SCHEDULES

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 14,132,426	\$ -	\$ 14,132,426	\$ 14,132,426	\$ -
Tuition	39,248	-	39,248	46,785	7,537
Transportation Fees From Other LEAs	679,600	-	679,600	726,985	47,385
Rental of Facilities	-	-	-	18,229	18,229
Interest on Investments - Capital Reserve	-	-	-	1,214	1,214
Interest on Investments - Maintenance Reserve	-	-	-	-	-
Interest on Investments - Other	400	-	400	284	(116)
Miscellaneous	-	-	-	735	735
Total - Local Sources	14,851,674	-	14,851,674	14,926,658	74,984
State Sources:					
Transportation Aid	69,600	-	69,600	69,600	-
Special Education Aid	333,875	-	333,875	333,875	-
Bilingual Education	-	-	-	-	-
Extraordinary Aid	-	-	-	129,975	129,975
Additional Formula Aid	-	-	-	-	-
Security Aid	12,627	-	12,627	12,627	-
Consolidated Aid	-	-	-	-	-
Non-Public Transportation Aid	-	-	-	18,610	18,610
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)	-	-	-	884,861	884,861
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	465,690	465,690
Total State Sources	430,042	-	430,042	1,929,178	1,499,136
Federal Sources:					
Education Jobs Fund	-	-	-	-	-
Medical Assistance Program	-	-	-	-	-
Total - Federal Sources	-	-	-	-	-
Total Revenues	15,281,716	-	15,281,716	16,855,836	1,574,120
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	341,510	(10,685)	330,825	309,895	20,930
Grades 1-5 - Salaries of Teachers	1,508,998	-	1,508,998	1,482,364	26,634
Grades 6-8 - Salaries of Teachers	2,156,473	(7,697)	2,148,776	2,114,606	34,170
Grades 9-12 - Salaries of Teachers	-	-	-	-	-
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	525	5,525	5,525	-
Purchased Professional-Educational Services	-	9,800	9,800	9,309	491
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	121,420	30,200	151,620	151,599	21
Other Purchased Services (400-500 series)	81,946	70,675	152,621	152,559	62
General Supplies	276,471	27,312	303,783	293,666	10,117
Textbooks	2,082	-	2,082	1,587	495
Other Objects	1,100	-	1,100	168	932
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,495,000	120,130	4,615,130	4,521,278	93,852

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	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					3,421
Textbooks					-
Other Objects					-
Total Cognitive - Mild	-	-	-	-	-
Cognitive - Moderate:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Textbooks					-
Other Objects					-
Total Cognitive - Moderate	-	-	-	-	-
Learning and/or Language Disabilities:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional-Educational Services					-
Purchased Technical Services					-
Other Purchased Services (400-500 series)					-
General Supplies	-	8,400	8,400	4,979	3,421
Textbooks					-
Other Objects					-
Total Learning and/or Language Disabilities	-	8,400	8,400	4,979	3,421
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, 2015

	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	825,685	6,640	832,325	832,325	-
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	1,050	650	1,700	1,620	80
Textbooks		-			-
Other Objects		-			-
Total Resource Room/Resource Center	826,735	7,290	834,025	833,945	80
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	77,135	1,518	78,653	77,458	1,195
Other Salaries for Instruction	45,582	26,391	71,973	71,973	-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	3,400	(900)	2,500	2,400	100
Textbooks		-			-
Other Objects	500	(500)	-	-	-
Total Preschool Disabilities - Part-Time	126,617	26,509	153,126	151,831	1,295

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	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	953,352	42,199	995,551	990,755	4,796
Basic Skills/Remedial - Instruction					
Salaries of Teachers	246,775	4,900	251,675	251,615	60
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies	854	(228)	626	626	-
Textbooks		-			-
Other Objects		-			-
Total Basic Skills/Remedial - Instruction	247,629	4,672	252,301	252,241	60
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	64,527	-	64,527	64,110	417
Other Salaries for Instruction		-			-
Purchased Professional-Educational Services		-			-
Purchased Technical Services		-			-
Other Purchased Services (300-500 series)	9,750	(1,250)	8,500	8,500	-
General Supplies	4,993	1,560	6,553	6,354	199
Textbooks		-			-
Other Objects	3,341	3,319	6,660	5,523	1,137
Total School-Spon. Athletics - Inst.	82,611	3,629	86,240	84,487	1,753

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	88,169	2,907	91,076	91,076	-
Purchased Services (300-500 series)	2,000	700	2,700	923	1,777
Supplies and Materials	18,046	(140)	17,906	17,146	760
Other Objects	10,350	559	10,909	9,923	986
Transfers to Cover Deficit (Agency Funds)		-			-
Total School-Spon. Cocurricular Actvts. - Inst.	<u>118,565</u>	<u>4,026</u>	<u>122,591</u>	<u>119,068</u>	<u>3,523</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>5,897,157</u>	<u>174,656</u>	<u>6,071,813</u>	<u>5,967,829</u>	<u>103,984</u>
Undistributed Expenditures - Instruction:					
Tuition to CSSD & Regional Day Schools		-			-
Tuition to Private Schools for the Handicapped - Within State	255,992	109,200	365,192	351,675	13,517
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:	<u>255,992</u>	<u>109,200</u>	<u>365,192</u>	<u>351,675</u>	<u>13,517</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undist. Expend. - Health Services					
Salaries	162,720	(30,398)	132,322	129,864	2,458
Purchased Professional and Technical Services	5,499	(1,245)	4,254	4,200	54
Other Purchased Services (400-500 series)	185	-	185	-	185
Supplies and Materials	4,637	3,055	7,692	7,649	43
Other Objects		-			-
Total Undistributed Expenditures - Health Services	<u>173,041</u>	<u>(28,588)</u>	<u>144,453</u>	<u>141,713</u>	<u>2,740</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	98,431	8,753	107,184	107,184	-
Purchased Professional - Educational Services	137,697	38,275	175,972	162,910	13,062
Supplies and Materials	1,552	-	1,552	1,537	15
Other Objects		-			-
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	<u>237,680</u>	<u>47,028</u>	<u>284,708</u>	<u>271,631</u>	<u>13,077</u>
Undist. Expend. - Other Supp. Serv. - Extraordinary Services					
Salaries of Other Professional Staff	237,910	29,010	266,920	265,440	1,480
Purchased Professional - Educational Services		-			-
Supplies and Materials		-			-
Total Undist. Expend. - Other Supp. Serv. - Extraordinary Services	<u>237,910</u>	<u>29,010</u>	<u>266,920</u>	<u>265,440</u>	<u>1,480</u>

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students-Reg.					
Salaries of Other Professional Staff	146,645	-	146,645	116,987	29,658
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	1,000	1,727	2,727	2,036	691
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	1,346	-	1,346	1,060	286
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	148,991	1,727	150,718	120,083	30,635
Undist. Expend. - Other Supp. Serv. Students - Special					
Salaries of Other Professional Staff	299,775	1,560	301,335	298,598	2,737
Salaries of Secretarial and Clerical Assistants	48,020	3,300	51,320	51,320	-
Purchased Prof- Educational Services	-	-	-	-	-
Other Purch Prof. and Tech. Services	8,150	(4,135)	4,015	3,985	30
Other Purchased Services (400-500 series)	2,500	(866)	1,634	1,634	-
Misc Purch Sev(400-500 series other than Resid Costs)	175	5	180	180	-
Supplies and Materials	5,280	3,201	8,481	8,477	4
Other Objects	450	-	450	293	157
Total Undist. Expend. - Other Supp. Serv. Students - Special	364,350	3,065	367,415	364,487	2,928
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	95,335	(172)	95,163	95,135	28
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Sec 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	(3,000)	450	279	171
Other Objects	-	-	-	-	-
Total Undist. Expend. - Improvement of Inst. Serv.	98,785	(3,172)	95,613	95,414	199
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	148,430	7,427	155,857	155,857	-
Salaries of Secretarial and Clerical Assist	-	-	-	-	-
Purchased Prof. and Tech. Services	8,300	-	8,300	7,075	1,225
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	10,886	(146)	10,740	10,409	331
Other Objects	-	-	-	-	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	167,616	7,281	174,897	173,341	1,556
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 Serv	-	-	-	-	-
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services (400-500 series)	20,984	2,487	23,471	16,623	6,848
Supplies and Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Instructional Staff Training Serv.	20,984	2,487	23,471	16,623	6,848

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	269,583	41,560	311,143	311,143	-
Legal Services	10,000	8,726	18,726	18,726	-
Audit Fees	20,000	-	20,000	20,000	-
Gen Adm Arch/E Svcs	-	45,100	45,100	41,876	3,224
Other Purchased Professional Services	7,500	(5,000)	2,500	2,015	485
Communications/Telephone	43,860	3,494	47,354	47,047	307
BOE Other Purch. Services	1,000	-	1,000	-	1,000
Other Purchased Services (400-500 series)	13,600	13,168	26,768	26,116	652
Rental	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
General Supplies	3,000	3,000	6,000	5,802	198
BOE In-house training/meeting Supplies	-	-	-	-	-
Judgements Against The School Dist.	-	-	-	-	-
Miscellaneous Expenditures	5,945	15,979	21,924	21,162	762
BOE Memberships, Dues, & Fees	7,800	(112)	7,688	7,688	-
Total Undist. Expend. - Supp. Serv. - General Admin.	382,288	125,915	508,203	501,575	6,628
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	289,525	8,839	298,364	298,364	-
Salaries of Other Professional Staff	98,800	1,660	100,460	99,630	830
Salaries of Secretarial and Clerical Assistants	175,272	9,004	184,276	184,276	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	8,400	(1,104)	7,296	5,564	1,732
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies and Materials	7,250	(674)	6,576	4,691	1,885
Rental	-	-	-	-	-
Other Objects	1,700	-	1,700	1,029	671
Total Undist. Expend. - Support Serv. - School Admin.	580,947	17,725	598,672	593,554	5,118
Undist. Expend. - Support Serv. - Central Services					
Salaries	156,878	2,387	159,265	159,265	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased Professional and Technical Services	25,050	30,095	55,145	55,145	-
Other Purchased Services (400-500 series)	2,000	(1,000)	1,000	874	126
Supplies and Materials	4,200	-	4,200	4,166	34
Miscellaneous Expenditures	2,675	(900)	1,775	1,775	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Support Serv. - Central Services	190,803	30,582	221,385	221,225	160
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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint.- School Facilities					
Salaries	201,116	32,513	233,629	201,966	31,663
Salaries of Secretarial and Clerical Assistants		-			-
Other Salaries		-			-
Salaries of Other Professional Staff		-			-
Cleaning, Repair and Maintenance Services	235,213	(51,874)	183,339	182,404	935
Other Purchased Property Services		-			-
Insurance		-			-
Miscellaneous Purchased Services-Rental		-			-
General Supplies	60,752	(32,233)	28,519	27,258	1,261
Energy (Energy and Electricity)		-			-
Other Objects		-			-
Total Undist. Expend. - Required Maint.- School Facilities	497,081	(51,594)	445,487	411,628	33,859
Undist. Expend. - Custodial Services					
Salaries	381,513	7,550	389,063	382,118	6,945
Salaries of Secretarial and Clerical Assistants	32,136	-	32,136	25,295	6,841
Other Salaries		-			-
Purchased Professional and Technical Services	33,000	(31,610)	1,390	1,289	101
Cleaning, Repair and Maintenance Services	35,100	4,822	39,922	39,902	20
Other Purchased Property Services	24,425	(57)	24,368	23,902	466
Insurance	112,978	19,172	132,150	132,150	-
Miscellaneous Purchased Services-Rental	26,422	(26,422)	-	-	-
General Supplies	45,000	(14,284)	30,716	30,700	16
Energy (Energy and Electricity)	338,500	(94,091)	244,409	217,998	26,411
Other Objects	2,000	-	2,000	1,150	850
Total Undist. Expend. - Custodial Services	1,031,074	(134,920)	896,154	854,504	41,650
Undist. Expend. - Care and Upkeep of Grounds					
Salaries		-			-
Cleaning, Repair and Maintenance Services	11,000	17,040	28,040	27,975	65
General Supplies	3,200	2,796	5,996	5,986	10
Total Undist. Expend. - Care and Upkeep of Grounds	14,200	19,836	34,036	33,961	75
Undist. Expend. - Student Transportation Serv.					
Management Fees - ESC & CTSA Transportation Programs	1,000	50	1,050	1,013	37
Salaries - (Between Home and School) - Reg	965,162	(77,561)	887,601	887,252	349
Salaries - (Between Home and School) - Spec Ed.	133,701	32,624	166,325	216,746	(50,421)
Salaries - (Other than Bet. Home and School)	61,497	(25,241)	36,256	32,523	3,733
Salaries - (Between Home and School) - NonPublic	7,000	(6,900)	100	-	100
Cleaning, Repair and Maintenance Services	207,300	128,127	335,427	335,427	-
Lease Pur. Pmts.-Schl Buses	135,935	(10,300)	125,635	125,071	564
Contract Services - (Other than Bet. Home and School) - Vendors	1,000	(600)	400	400	-
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	7,000	6,337	13,337	11,438	1,899
Contract Services - (Special Ed Stds) - ESCs & CTSA	36,283	11,936	48,219	48,219	-
Contract Services - Aid in Lieu Of Payments-NonPub Sch	45,000	8,060	53,060	53,060	-
Miscellaneous Purchased Services-Transportation	11,950	(4,000)	7,950	7,938	12
Supplies and Materials	172,700	(43,522)	129,178	128,852	326
Other Objects	4,000	(3,160)	840	745	95
Total Undist. Expend. - Student Transportation Serv.	1,789,528	15,850	1,805,378	1,848,684	(43,306)
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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Regular Programs-Instruction-Employee Benefits					
Group Insurance		-			-
Social Security Contributions	298,950	(45,545)	253,405	230,941	22,464
T.P.A.F. Contributions - ERIP		-			-
Other Retirement Contributions - Regular	229,965	(11,770)	218,195	217,805	390
Interest for Lease Purchase		-			-
Unemployment Compensation	92,400	(92,400)	-	-	-
Workmen's Compensation	155,542	(14,055)	141,487	140,700	787
Health Benefits	2,753,114	(289,421)	2,463,693	2,458,976	4,717
Tuition Reimbursement	60,000	3,900	63,900	63,786	114
Other Employee Benefits	106,200	(23,000)	83,200	66,718	16,482
Total Regular Programs-Instuction-Employee Benefits	3,696,171	(472,291)	3,223,880	3,178,926	44,954
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	3,696,171	(472,291)	3,223,880	3,178,926	44,954
On-BEHALF CONTRIBUTIONS					
On-behalf TPAF Post-Retirement (non-budgeted)					-

Mendham Township School District
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF Pension and Post-Retirement Contributions (non-budgeted)		-		884,861	(884,861)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		465,690	(465,690)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,350,551	(1,350,551)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,696,171	(472,291)	3,223,880	4,529,477	(1,305,597)
TOTAL UNDISTRIBUTED EXPENDITURES	9,887,441	(280,859)	9,606,582	10,795,015	(1,188,433)
TOTAL GENERAL CURRENT EXPENSE	15,784,598	(106,203)	15,678,395	16,762,844	(1,084,449)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Construction Services	143,444		296,000	292,414	3,586
Architectural/Engineering Services	40,000	(40,000)	-	-	-
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	<u>245,159</u>	<u>112,556</u>	<u>357,715</u>	<u>354,129</u>	<u>3,586</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
Capital Leases				228,440	(228,440)
Assets Acquired Under Capital Leases (non-budgeted)				228,440	(228,440)
TOTAL CAPITAL OUTLAY	<u>245,559</u>	<u>112,156</u>	<u>357,715</u>	<u>582,569</u>	<u>(224,854)</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Summer School	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Special Schools	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Mendham Township School District
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2015

	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, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Even.-Sch.-Foreign-Born-Local-Inst.					
Salaries of Teachers		-			-
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
General Supplies		-			-
Textbooks		-			-
Other Objects		-			-
Total Even.-Sch.-Foreign-Born-Local-Inst.	-	-	-	-	-
Even.-Sch.-Foreign-Born-Local-Sup. Serv.					
Salaries		-			-
Personal Services - Employee Benefits		-			-
Purchased Professional and Technical Services		-			-
Other Purchased Services (400-500 series)		-			-
Supplies and Materials		-			-
Other Objects		-			-
Total Even.-Sch.-Foreign-Born-Local-Sup. Serv.	-	-	-	-	-
Total Even.-Sch.-Foreign-Born-Local	-	-	-	-	-
TOTAL SPECIAL SCHOOLS	-	-	-	-	-
Education Jobs Fund		-			-
Transfer of Funds to Charter Schools					-
TOTAL EXPENDITURES	16,030,157	5,953	16,036,110	17,345,413	(1,309,303)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(748,441)	(5,953)	(754,394)	(489,577)	264,817
Other Financing Sources(Uses):					
Transfers In - Pre School				168,170	
Transfers In - Enrichment Program				65,185	
Capital Leases (Non-Budgeted)		-		228,440	228,440
Operating Transfer Out:					-
Transfers Out -Enterprise		-		(5,558)	(5,558)
Total Other Financing Sources:	-	-	-	456,237	222,882
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(748,441)	(5,953)	(754,394)	(33,340)	487,699
Fund Balance, July 1	2,386,452	(63,471)	2,386,452	2,386,452	-
Fund Balance, June 30	<u>\$ 1,638,011</u>	<u>\$ (69,424)</u>	<u>\$ 1,632,058</u>	<u>\$ 2,353,112</u>	<u>\$ 487,699</u>
Recapitulation:					
Restricted Fund Balance:					
Reserve for Capital Reserve				\$ 608,286	
Reserve for Maintenance Reserve				135,258	
Reserve for Excess Surplus				565,914	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				437,198	
Committed Fund Balance:					
Reserve for Impact Aid					
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				131,772	
Reserve for encumbrances				10,771	
Unrestricted Fund Balance				463,913	
Subtotal				2,353,112	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(35,035)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,318,077</u>	

**Mendham Township School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 6,063	\$ 6,063	\$ 4,132	\$ (1,931)
State Sources		572	572		(572)
Federal Sources	129,699	43,072	172,771	172,771	-
Total Revenues	129,699	49,707	179,406	176,903	(2,503)
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)	129,669	49,737	179,406	140,986	38,420
General Supplies		-	-	4,132	(4,132)
Textbooks		-	-	-	-
Tuition		-	-	-	-
Total Instruction	129,669	49,737	179,406	145,118	34,288
Support Services					
Salaries of Other Professional Staff		-	-	-	-
Salaries of Secretaries & Clerical Assistants		-	-	-	-
Other Salaries		-	-	-	-
Personal Services - Employee Benefits		-	-	-	-
Purchased Professional and Technical Services		-	-	8,581	(8,581)
Other Purchased Professional Services		-	-	21,075	(21,075)
Purchased Technical Services		-	-	-	-
Rentals		-	-	-	-
Contracted Services Transportation		-	-	-	-
Tuition		-	-	-	-
Travel		-	-	-	-
Other Purchased Services (400-500 series)		-	-	-	-
Supplies & Materials		-	-	2,129	(2,129)
Other Objects		-	-	-	-
Total Support Services	-	-	-	31,785	(31,785)

**Mendham Township School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015**

	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	129,669	49,737	179,406	176,903	2,503
Other Financing Sources (Uses)					
Transfer in from General Fund		-			-
Transfer Out to Whole School Reform (General Fund)		-			-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	129,669	49,737	179,406	176,903	2,503
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ 30	\$ (30)	\$ -	\$ -	\$ -

***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, 2015**

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]	\$ 16,855,836	[C-2]	\$ 176,903
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		(35,035)		
Prior year state aid payment recognized for GAAP purposes in current year		33,691		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 16,854,492	[B-2]	\$ 176,903
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	17,345,413	[C-2]	176,903
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]	\$ 17,345,413	[B-2]	\$ 176,903

***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 Fiscal Year*

	<u>2015</u>
District's proportion of the net pension liability	0.0253%
District's proportionate share of the net pension liability	\$ 4,729,890
District's covered employee payroll	\$ 1,980,806
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.80%
Plan fiduciary net position as a percentage of the total pension liability	52.08%

* 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 Fiscal Year*

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

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

Exhibit L-3

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

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

* 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, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were no changes.

Changes of Assumptions

There were no changes.

B. TEACHERS PENSION AND ANNUITY FUND (TPAF)

Benefit Changes

There were no changes.

Changes of Assumptions

There were no changes.

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, 2015

	NCLB Title II Part A	Recycling Day Grant	Safety Grant	I.D.E.A. Part B		Total
				Basic (2014-2015)	Preschool (2014-2015)	
REVENUES						
Local Sources		\$ 437	\$ 3,695			4,132
State Sources						-
Federal Sources	11,204			152,986	8,581	172,771
Total Revenues	11,204	437	3,695	152,986	8,581	176,903
EXPENDITURES:						
Instruction:						
Salaries of Teachers						-
Other Salaries for Instruction						-
Purchased Professional - Educational Services						-
Purchased Professional and Technical Services						-
Other Purchased Services (400-500 series)				140,986		140,986
General Supplies		437	3,695			4,132
Textbooks						-
Other Objects						-
Total instruction	-	437	3,695	140,986	-	145,118
Support services:						
Salaries of Other Professional Staff						-
Salaries -Support Staff						-
Other Salaries						-
Personal Services - Employee Benefits						-
Tuition						-
Purchased Professional and Technical Services					8,581	8,581
Other Purchased Professional Services	9,075			12,000		21,075
Rentals						-
Travel						-
Other Purchased Services (400-500 series)						-
Supplies & Materials	2,129					2,129
Total support services	11,204	-	-	12,000	8,581	31,785

Mendham Township School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	NCLB Title II Part A	Recycling Day Grant	Safety Grant	I.D.E.A. Part B		Total
				Basic (2014-2015)	Preschool (2014-2015)	
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	11,204	437	3,695	152,986	8,581	176,903
Other Financing Sources (Uses)						
Transfer In from General Fund						-
Contribution to Whole School Reform						-
	-	-	-	-	-	-
Total Outflows	11,204	437	3,695	152,986	8,581	176,903
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, 2015**

	Agency			Trust			Totals
	Student Activities	Payroll	Total Agency	Unemployment Compensation	Flexible Spending	Total Trust	
ASSETS:							
Cash and Cash Equivalents	\$ 56,834	\$ 438,745	\$ 495,579	\$ 133,651	\$ 3,414	\$ 137,065	\$ 632,644
Interfund Receivable - Enrichment Program Enterprise Fund	-	-	-	-	-	-	-
Total Assets	<u>\$ 56,834</u>	<u>\$ 438,745</u>	<u>\$ 495,579</u>	<u>\$ 133,651</u>	<u>\$ 3,414</u>	<u>\$ 137,065</u>	<u>\$ 632,644</u>
LIABILITIES:							
Accounts Payable	-	-	-	-	-	-	-
Interfund Payable - General Fund	-	-	-	-	-	-	-
Accrued Salaries and Wages	-	359,005	359,005	-	-	-	359,005
Payroll Deductions and Withholdings	-	79,740	79,740	-	-	-	79,740
Due to Student Groups	56,834	-	56,834	-	-	-	56,834
Total Liabilities	<u>\$ 56,834</u>	<u>\$ 438,745</u>	<u>\$ 495,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,579</u>
NET ASSETS:							
Reserved for Unemployment Claims	-	-	-	133,651	-	133,651	133,651
Reserved for Flexible Spending Claims	-	-	-	-	3,414	3,414	3,414
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,651</u>	<u>\$ 3,414</u>	<u>\$ 137,065</u>	<u>\$ 137,065</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Total Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 26,480	\$ 5,800	\$ 32,280
	<u>26,480</u>	<u>5,800</u>	<u>32,280</u>
Total Contributions	\$ 26,480	\$ 5,800	\$ 32,280
Investment Earnings:			
Interest	\$ 98	\$ 2	\$ 100
	<u>98</u>	<u>2</u>	<u>100</u>
Net Investment Earnings	\$ 98	\$ 2	\$ 100
Total Additions	\$ 26,578	\$ 5,802	\$ 32,380
DEDUCTIONS:			
Bank Charges	\$	\$	\$ -
Administrative Fees		300	300
Quarterly Contribution Payments	7,567		7,567
Unemployment Claims	14,919		14,919
Flexible Spending Claims		4,732	4,732
Transfer Interest to General Fund			-
	<u>22,486</u>	<u>5,032</u>	<u>27,518</u>
Total Deductions	\$ 22,486	\$ 5,032	\$ 27,518
Change in Net Assets	\$ 4,092	\$ 770	\$ 4,862
Net Assets - Beginning of Fiscal Year	\$ 129,559	\$ 2,644	\$ 132,203
Net Assets - End of Fiscal Year	\$ 133,651	\$ 3,414	\$ 137,065

**MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Schools	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30 2015
Elementary School Student Activities	\$ 14,558	\$ 21,355	\$ 24,908	\$ 11,005
Middle School:				
Athletic Activities	2,012	8,502	7,661	2,853
Student Activities	41,731	137,794	136,549	42,976
Total	\$ 58,301	\$ 167,651	\$ 169,118	\$ 56,834

**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, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	58,301	167,651	136,549	89,403
	\$ _____	\$ _____	\$ _____	\$ _____
Total assets	\$ <u>58,301</u>	\$ <u>167,651</u>	\$ <u>136,549</u>	\$ <u>89,403</u>
LIABILITIES:				
Due to Student Groups	\$ 58,301	\$ 167,651	\$ 136,549	\$ 89,403
	_____	_____	_____	_____
Total liabilities	\$ <u>58,301</u>	\$ <u>167,651</u>	\$ <u>136,549</u>	\$ <u>89,403</u>

**MENDHAM TOWNSHIP SCHOOL DISTRICT
 COUNTY OF MORRIS
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	\$ 492,465	\$ 11,069,079	\$ 11,122,799	\$ 438,745
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>492,465</u>	\$ <u>11,069,079</u>	\$ <u>11,122,799</u>	\$ <u>438,745</u>
 LIABILITIES:				
Accrued Salaries and Wages	\$ 385,559	\$ 358,401	\$ 384,955	\$ 359,005
Payroll deductions and withholdings	<u>106,906</u>	<u>10,710,678</u>	<u>10,737,844</u>	<u>79,740</u>
Total liabilities	\$ <u>492,465</u>	\$ <u>11,069,079</u>	\$ <u>11,122,799</u>	\$ <u>438,745</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
June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
School Renovation/Construction	07/09/01	\$ 5,237,000	12/01/15 *	300,000	4.600%				\$ -
			12/01/16 *	300,000	4.700%				
			12/01/17 *	325,000	4.750%				
			12/01/18 *	350,000	4.800%				
			12/01/19 *	350,000	4.800%				
			12/01/20 *	350,000	4.875%				
			12/01/21 *	337,000	4.875%				
Construction of Additions, Alterations, and Renovations of Schools	05/01/03	11,273,000	04/01/16 **	600,000	3.750%				\$ -
			04/01/17 **	675,000	3.750%				
			04/01/18 **	675,000	4.000%				
			04/01/19 **	675,000	4.000%				
			04/01/20 **	750,000	4.000%				
			04/01/21 **	750,000	4.125%				
			04/01/22 **	750,000	4.125%				
			04/01/23 **	748,000	4.125%				

* The bonds associated with this issuance were refunded with the Refunding School Bonds issued on 2/25/10. (See note 5 for additional information.)

** The bonds associated with this issuance were refunded with the Refunding School Bonds issued on 11/09/11. (See note 5 for additional information.)

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			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.	02/25/10	3,120,000	12/01/15	295,000		\$ 2,520,000		\$ 300,000	\$ 2,220,000
			12/01/16	290,000					
			12/01/17	310,000					
			12/01/18	335,000					
			12/01/19	335,000					
			12/01/20	335,000					
			12/01/21	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.	11/09/11	6,555,000	04/01/16	575,000	4.0%	\$ 6,010,000		\$ 575,000	\$ 5,435,000
			04/01/17	655,000	4.0%				
			04/01/18	655,000	4.0%				
			04/01/19	655,000	4.0%				
			04/01/20	725,000	4.0%				
			04/01/21	725,000	4.0%				
			04/01/22	725,000	4.0%				
			04/01/23	720,000	4.0%				
Total						\$ 8,530,000	\$ -	\$ 875,000	\$ 7,655,000

**MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
June 30, 2015**

Series	Amount of Original Issue	Amount Outstanding July 1, 2014	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2015
2011 Thomas 54 Passenger Buses (2)	\$ 45,409	\$ 9,325	\$	\$ 9,325	\$ 0
2012 24 Passenger and 54 Passenger Buses	131,402	53,489		26,382	27,107
2012 15 Passenger Van	55,113	22,412		11,054	11,358
2014 54 Passenger Buses (2)	165,554	131,053		31,749	99,304
2014 Savin Copiers (8)	107,663	107,663		20,055	87,608
2014 HP Laserjet Printers (30), Epson Scanner (1) and Ford F-3650 Truck	228,440	0	228,440	47,171	181,269
		<u>\$ 323,942</u>	<u>\$ 228,440</u>	<u>\$ 145,736</u>	<u>\$ 406,646</u>

**Mendham Township School District
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,215,438	\$ -	\$ 1,215,438	\$ 1,215,438	\$ -
Debt Service Aid Type II		-			-
Total Revenues	1,215,438	-	1,215,438	1,215,438	-
EXPENDITURES:					
Regular Debt Service:					
Interest	340,438	-	340,438	340,438	-
Redemption of Principal	875,000	-	875,000	875,000	-
Total Regular Debt Service	1,215,438	-	1,215,438	1,215,438	-
Total expenditures	1,215,438	-	1,215,438	1,215,438	-
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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 7,710,176	\$ 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
Restricted (Deficit)	197,456	(136,018)	870,531	865,404	612,132	724,909	1,371,268	1,732,625	1,969,227	1,180,932
Unrestricted (Deficit)	(57,261)	4,195	(96,887)	(281,534)	161,462	304,000	398,656	(72,086)	(95,288)	(4,921,355)
Total governmental activities net assets	\$ 7,850,371	\$ 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
Business-type activities										
Invested in capital assets, net of related debt	\$ 57,770	\$ 50,524	\$ 43,278	\$ 32,597	\$ 28,054	\$ 23,286	\$ 18,519	\$ 56,811	\$ 49,625	\$ 42,440
Restricted										
Unrestricted	(4,758)	24,238	31,932	60,631	55,524	93,836	70,416	179,494	332,252	562,790
Total business-type activities net assets	\$ 53,012	\$ 74,762	\$ 75,210	\$ 93,228	\$ 83,578	\$ 117,122	\$ 88,935	\$ 236,305	\$ 381,877	\$ 605,230
District-wide										
Invested in capital assets, net of related debt	\$ 7,767,946	\$ 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
Restricted (Deficit)	197,456	(136,018)	870,531	865,404	509,030	724,909	1,371,268	1,732,625	1,969,227	1,180,932
Unrestricted (Deficit)	(62,019)	28,433	(64,955)	(220,903)	320,088	397,836	469,072	107,408	236,964	(4,358,565)
Total district net assets	\$ 7,903,383	\$ 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

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,646,404	\$ 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
Special education	1,494,947	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
Other special education	114,299	202,342	195,073	253,106	277,347	297,863	306,196	322,215	334,233	349,116
Vocational										
Other instruction	122,250	162,729	165,542	182,525	261,975	213,797	240,961	270,066	262,969	280,353
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	393,492	360,186	306,812	386,358	322,001	466,311	453,251	370,629	269,623	484,355
Student & instruction related services	1,601,142	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
School Administrative services	718,308	697,148	716,071	658,642	669,829	612,648	620,929	830,016	958,830	818,574
General administration	511,035	497,791	613,511	611,650	564,800	573,421	655,408	532,902	611,498	713,418
Central Services	268,389	289,291	264,534	263,448	303,964	292,159	308,327	288,167	301,603	304,689
Plant operations and maintenance	1,629,316	1,430,314	1,552,969	1,715,131	1,876,534	1,943,369	2,129,583	2,080,172	2,311,829	2,283,844
Administrative information technology										
Pupil transportation	1,620,692	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
Other support services										
Compensated Absences						8,612	90	161,472	(1,634)	(72,656)
Proportionate share of pension plan expense										184,345
Educational Jobs Program							30,086	3,885		
Charter Schools		5,813								
Interest on long-term debt	505,440	589,520	644,408	528,898	692,111	448,985	374,576	389,327	364,000	333,386
Capital Outlay	113,407	188,614	329,116	-	-	-	-	-	-	-
Unallocated depreciation			322,950	291,705	335,953					
Total governmental activities expenses	14,739,121	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
Business-type activities:										
Food service	201,712	260,541	280,090	275,114	282,406	289,687	272,142	281,016	301,289	275,445
Enrichment Program		55,647	131,875	112,685	54,206	38,976	61,462	39,178	55,762	98,249
Preschool Program								31736	147215	204221
Total business-type activities expense	201,712	316,188	411,965	387,799	336,612	328,663	333,604	351,930	504,266	577,915
Total district expenses	\$ 14,940,833	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 104,383	\$ 103,875	\$ 56,105	\$ 48,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education										
Plant Operations and Maintenance										
Pupil transportation	727,568	870,024	789,595	776,965	798,722	665,327	708,242	689,515	791,006	791,999
Central and other support services										
Operating grants and contributions	1,638,313	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
Capital grants and contributions										
Total governmental activities program revenues	2,470,264	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
Business-type activities:										
Charges for services:										
Food service	196,551	252,690	257,604	274,418	270,759	273,753	258,523	276,602	267,096	285,249
Enrichment Program		61,863	148,506	137,636	55,880	56,858	42,311	50,521	69,234	81,077
Preschool Program								157,848	147,925	168,615
Operating grants and contributions	4,608	4,451	4,657	3,299	3,956	4,652	4,343	4,132	4,694	5,486
Total business type activities program revenues	201,159	319,004	410,767	415,353	330,595	335,263	305,177	489,103	488,949	540,427
Total district program revenues	\$ 2,671,423	\$ 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
Net (Expense)/Revenue										
Governmental activities	\$ (12,268,857)	\$ (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)
Business-type activities	(553)	2,816	(1,198)	27,554	(6,017)	6,600	(28,427)	137,173	(15,317)	(37,488)
Total district-wide net expense	\$ (12,269,410)	\$ (12,636,252)	\$ (13,963,920)	\$ (14,836,688)	\$ (15,598,898)	\$ (14,919,736)	\$ (14,779,156)	\$ (15,099,679)	\$ (15,022,517)	\$ (15,590,959)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,458,965	\$ 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
Taxes levied for debt service	1,139,747	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
Unrestricted grants and contributions	3,749,077	87,483	1,128,402	866,145	687,855	229,266	476,517	418,969	561,737	577,283
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	83,906	34,564	8,853	27,646	25,272	7,453	5,551	3,390	1,503	1,498
Refund from issuance of bonds					12,761		16,789			
Miscellaneous income	100,701	99,802	147,103	34,758	48,242	56,807	114,613	46,456	12,051	735
Capital lease payments				245,309	114,316	141,931	156,099	122,950	112,846	145,736
Fixed assets				219,946	(100,610)	203,749	(80,935)	12,572	(285,583)	(311,108)
Compensated absences					433,993					
Transfers		(17,626)								
Income from debt refunding					231,391					
Retirement of long term debt							217,999			
Other Adjustments										(5,214,556)
Total governmental activities	16,532,396	13,282,712	15,068,386	15,536,085	16,085,362	15,735,160	15,960,707	15,712,246	15,472,030	10,547,452
Business-type activities:										
Investment earnings	746	1,308	1,646	1,145	463	310	240	178	206	356
Fixed assets				(10,681)	(4,095)	26,633				
Transfers		17,626								
Total business-type activities	746	18,934	1,646	(9,536)	(3,632)	26,943	240	178	206	356
Total district-wide	\$ 16,533,142	\$ 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
Change in Net Assets										
Governmental activities	\$ 4,263,539	\$ 643,644	\$ 1,105,664	\$ 671,843	\$ 492,481	\$ 808,824	\$ 1,209,978	\$ 475,394	\$ 464,830	\$ (5,005,919)
Business-type activities	193	21,750	448	18,018	(9,649)	33,543	(28,187)	137,351	(15,111)	(37,132)
Total district	\$ 4,263,732	\$ 665,394	\$ 1,106,112	\$ 689,861	\$ 482,832	\$ 842,367	\$ 1,181,791	\$ 612,745	\$ 449,719	\$ (5,043,051)

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 860,101	\$ 884,009	\$ 859,536	\$ 880,478	\$ 642,204	\$ 707,771	\$ 1,328,706	\$ 1,690,063	\$ 1,926,665	\$ 1,746,656
Committed						\$ 68,112	\$ 168,661			
Assigned								\$ 17,409	\$ 7,412	\$ 142,543
Unreserved	426,268	428,942	380,258	340,382	320,355	443,221	431,374	278,090	418,684	428,878
Total general fund	<u>\$ 1,286,369</u>	<u>\$ 1,312,951</u>	<u>\$ 1,239,794</u>	<u>\$ 1,220,860</u>	<u>\$ 962,559</u>	<u>\$ 1,219,104</u>	<u>\$ 1,928,741</u>	<u>\$ 1,985,562</u>	<u>\$ 2,352,761</u>	<u>\$ 2,318,077</u>
All Other Governmental Funds										
Reserved	\$ 281,273									
Unreserved, reported in:										
Special revenue fund					-	-	-	-	-	-
Capital projects fund	(1,000,030)	(1,020,029)								
Debt service fund	56,112	2	10,995	11,990	18,133	17,138	42,562	42,562	42,562	42,562
Permanent fund										
Total all other governmental funds	<u>\$ (662,645)</u>	<u>\$ (1,020,027)</u>	<u>\$ 10,995</u>	<u>\$ 11,990</u>	<u>\$ 18,133</u>	<u>\$ 17,138</u>	<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'd 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Local Tax levy	\$ 12,598,712	\$ 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
Tuition	104,383	103,875	56,105	48,004	-	4,168	7,293	770	27,675	46,785
Transporation Fees from other LEA's	727,568	870,024	789,595	776,965	798,722	665,327	708,242	689,515	763,331	726,985
Interest Earned on Capital Reserve Funds	9,089	13,468	8,852	4,323	2,632	659	365	369	25	1,214
Other Local Revenue	175,518	120,898	154,604	58,576	71,377	65,911	127,419	53,577	13,529	23,380
State sources	5,203,186	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
Federal sources	184,204	182,344	188,900	189,690	358,971	213,827	221,063	184,036	180,284	172,771
Total revenue	19,002,660	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
Expenditures										
Instruction:										
Regular	4,436,497	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
Special	1,159,688	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
Other Special	101,661	170,190	190,073	198,673	214,022	223,477	226,248	232,353	243,716	252,241
Other	121,819	156,486	165,542	143,131	201,329	161,488	179,162	195,786	192,737	203,555
School-Sponsored/Other Instructional	-	-	-	-	-	-	-	-	-	-
Total Instruction	5,819,665	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
Undistributed:										
Instruction										
Tuition	393,492	360,186	306,812	303,268	248,481	352,220	337,006	268,690	197,614	351,675
Support Services-Students	1,223,263	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
General Administration	462,529	453,266	518,193	479,029	434,222	427,754	482,255	381,969	442,729	501,575
School Administration	536,353	500,939	545,922	515,785	515,703	461,639	460,729	600,941	701,959	593,554
Central	214,598	238,030	202,586	206,791	234,562	220,677	229,251	208,909	221,053	221,225
Operations and Maintenance	1,237,743	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
Student Transportation	1,358,485	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
Business and Other Support Services:										
Employee Benefits										
Other										
On-behalf TPAF Pension Contributions										
Reimbursed TPAF Social Security Contributions										
Allocated Benefits	1,651,669	1,794,526	2,250,633	2,439,187	-	-	-	-	-	-
Unallocated Benefits	1,123,350	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
Total Undistributed	8,201,482	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
Charter Schools		5,813								
Capital Outlay	4,810,963	1,114,270	506,466	396,921	403,886	282,952	325,036	302,944	369,250	582,569
Education Jobs Program							22,370	3,885		
Debt Service	1,239,746	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
Total Governmental Fund Expenditures	20,071,856	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
Excess (Deficiency) of revenues over (under) expenditures	(1,069,196)	(813,570)	730,826	(245,130)	(397,179)	210,143	531,757	56,821	(76,720)	(490,921)

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

	Fiscal Year Ending Jun'd 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing sources (uses)										
Capital leases (non-budgeted)	172,540	468,766	150,600	227,191	132,258	45,409	186,515		273,217	228,440
Refund from issuance of bonds					12,761		16,789			
Adjustment - accounts payable		31,630	76,439							
Transfers in	74,817	21,096	1						170,702	233,355
Transfers out	(74,817)	(38,722)	(1)							(5,558)
Total other financing sources (uses)	<u>172,540</u>	<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>443,919</u>	<u>456,237</u>
Net change in fund balances	<u>\$ (896,656)</u>	<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>
 Debt service as a percentage of noncapital expenditures	 8.12%	 7.60%	 7.35%	 7.32%	 6.94%	 7.15%	 6.79%	 6.90%	 6.96%	 6.69%

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>TRANSPORTATION FEES</u>	<u>PRIOR YEAR REFUNDS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2006	104,383	58,121	727,568	-	51,669	941,741
2007	103,875	90,726	870,024	-	22,544	1,087,169
2008	56,105	69,644	789,595	-	86,311	1,001,655
2009	48,004	27,646	776,965	-	34,758	887,373
2010	-	25,272	798,722	47,211	1,031	872,236
2011	4,168	7,453	665,327	9,582	49,525	736,055
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	726,985	-	23,096	798,364

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>
2005	2,116,183,594	1,768,389,758	119.67%
2006	2,122,526,593	1,980,917,668	107.15%
2007	2,132,489,062	2,139,381,989	99.68%
2008	2,160,521,422	2,221,821,319	97.24%
2009	2,170,029,798	2,246,088,845	96.61%
2010	1,889,936,443	2,229,872,993	84.76%
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%

**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	
2005	0.52	0.06	0.58	0.34	0.26	0.22	1.40
* 2006	0.56	0.06	0.62	0.36	0.28	0.23	1.49
2007	0.57	0.06	0.63	0.38	0.28	0.24	1.53
2008	0.56	0.06	0.62	0.40	0.28	0.20	1.49
2009	0.72	0.06	0.79	0.41	0.28	0.20	1.67
2010	0.72	0.06	0.78	0.47	0.33	0.24	1.82
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

Source: Municipal Tax Collector and District Records
* Revaluation

Exhibit J-8

**MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR YEAR ENDED DECEMBER 31, 2014**

<u>Taxpayer</u>	<u>Assessed Valuation 2014</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	\$ 50,195,200	2.67%

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>
2005	11,759,198	11,759,198	100.00%
2006	31,618,711	31,232,761	98.77%
2007	33,141,391	32,763,027	98.85%
2008	33,841,605	33,467,902	98.90%
2009	35,486,092	35,022,186	98.70%
2010	35,648,111	35,373,621	99.23%
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%

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			
2006	14,510,000	461,849	3,110,000	-	18,081,849	4.83%	3,271
2007	13,885,000	622,712	1,071,632	-	15,579,344	4.15%	2,813
2008	13,260,000	463,291	1,071,632	-	14,794,923	3.94%	2,671
2009	12,610,000	445,176	-	-	13,055,176	3.31%	2,372
2010	11,868,000	330,860	-	-	12,198,860	3.10%	2,224
2011	11,128,000	256,105	-	-	11,384,105	2.84%	1,939
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

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>
2005	5,528	2,116,183,594	14,510,000	0.686%	2,613
2006	5,501	2,122,526,573	13,885,000	0.654%	2,512
2007	5,506	2,132,489,062	13,260,000	0.622%	2,408
2008	5,503	2,160,521,422	12,610,000	0.584%	2,291
2009	5,486	2,170,029,798	11,868,000	0.547%	2,163
2010	5,869	1,889,936,443	11,660,000	0.617%	1,987
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

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, 2015
UNAUDITED**

Net Direct Debt of School District as of June 30, 2015		\$ 7,655,000
Net Overlapping Debt of School District:		
Mendham Township (100%)	\$ 12,481,897	
West Morris Regional High School District (23.7269%)	4,235,251	
Morris County General Obligation Debt (2.1505%)	<u>5,056,186</u>	
Total Net Overlapping Debt of School District		<u>21,773,334</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2015		<u>\$ 29,428,334</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, 2015
UNAUDITED**

<u>Year</u>	<u>Equalized Valuation Basis</u>	
2014	\$ 1,964,809,733	
2013	1,900,847,100	
2012	<u>1,953,473,368</u>	
	<u>5,819,130,201</u>	
Average equalized valuation of taxable property		\$ 1,939,710,067
School borrowing margin (3% of Average Equalized Valuation)	\$ 58,191,302	
Net bonded school debt as of June 30, 2015	<u>7,655,000</u>	
School borrow margin available	<u>\$ 50,536,302</u>	

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	65	63	64	64	64	59	60	59	58	58
Special education	24	22	23	24	22	27	26	26	25	26
Other special education	7	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	16	17	16	16	16	16	14	14	14	14
General administration	6	7	6	7	3	4	3	3	3	3
School administrative services	9	10	10	10	8	6	6	6	6	6
Other administrative services						4	4	4	4	4
Central services					3	11	11	11	11	11
Administrative Information Technology										
Plant operations and maintenance	12	12	13	12	10	8	4	4	4	4
Pupil transportation	29	28	28	28	27	27	28	28	28	28.5
Other support services	3	2	3	3						
Special Schools										
Food Service										
Child Care										
Total	<u>174</u>	<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>

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				
2006	906	14,021,147	\$ 15,476	9.36%	97	1:11.2	1:8.0	906	871	-0.88%	96.14%	
2007	901	14,781,263	\$ 16,405	6.01%	99	1:10.7	1:7.8	901	857	-0.55%	95.12%	
2008	910	15,493,024	\$ 17,025	3.78%	100	1:10.1	1:08	910	879	1.00%	96.59%	
2009	909	15,573,802	\$ 17,133	0.63%	100	1:10.1	1:8.0	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%	

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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	518	514	503	448	443	447	447	447	447	331
<u>Middle School</u>										
Square Feet	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735
Capacity (students)	548	548	548	548	548	548	548	548	548	548
Enrollment	408	387	407	461	461	456	456	456	456	375
<u>High School</u>										
N/A										
Square Feet	-	-	-	-	-	-	-	-	-	-
Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Other</u>										
N/A										
Square Feet										

Number of Schools at June 30, 2015

- 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>			
2006	56,819	185,155	241,974
2007	66,982	82,224	149,206
2008	61,678	70,185	131,863
2009	81,122	92,310	173,432
2010	51,836	125,122	176,958
2011	63,846	51,990	115,836
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

*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, 2015
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

MEMBER:
American Society of Certified Public Accountants
New Jersey Society of Certified Public Accountants

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, 2015, 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, 2015.

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, 2015

CANNONE AND COMPANY, P.A.
Certified Public Accountants
 485 Morris Avenue
 Springfield, New Jersey 07081
 (973) 379-6868
 FAX (973) 379-6278

MEMBER:
 American Society of Certified Public Accountants
 New Jersey Society of Certified Public Accountants

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 OMB Circular A-133 and the New Jersey Circular 04-04-OMB**

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) Circular A-133 Compliance Supplement* and the *New Jersey 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and OMB Circular A-133 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, 2015.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, 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 04-04, 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 OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, 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 04-04, 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 OMB Circular A-133 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 04-04, 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 OMB Circular A-133 and State Financial Assistance

We have audited the financial statements of Mendham Township School District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 30, 2015, 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 OMB Circular A-133 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 04-04, 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, 2015

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment	Cancellation of Prior Year Encumbrances	Balance at June 30, 2015		
					Deferred Revenue Accounts Receivable	Due to Grantor	Cash Received				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	7/1/14-6/30/15	\$ 5,486	\$	\$	\$ 5,088	\$	\$	\$	\$ (398)	\$	\$
Special Milk Program	10.556	N/A	7/1/13-6/30/14	4,694	(470)		470	(5,486)					
Total U.S. Department of Agriculture					(470)	0	5,558	(5,486)	0	0	(398)	0	0
U.S. Department of Education Passed-through State Department of Education: No Child Left Behind Consolidated: 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	IDEA310015	9/01/14-8/31/15	152,986				(152,986)			(152,986)		
I.D.E.A. Part B, Basic	84.027	IDEA310014	9/01/13-8/31/14	160,196	(160,196)		160,196						
I.D.E.A., Preschool	84.173	IDEA310015	9/01/14-8/31/15	8,581				(8,581)			(8,581)		
I.D.E.A., Preschool	84.173	IDEA310014	9/01/13-8/31/14	8,745	(8,745)		8,745						
Total U.S. Department of Education					(168,941)	0	168,941	(172,771)	0	0	(172,771)	0	0
Total Federal Financial Assistance					<u>\$ (169,411)</u>	<u>\$ 0</u>	<u>\$ 174,499</u>	<u>\$ (178,257)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (173,169)</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to schedules of financial assistance.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2014		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Receivable	Balance at June 30, 2015		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	15-495-034-5120-084	7/1/14-6/30/15	\$ 12,627	\$	\$	\$ 11,597	\$ (12,627)	\$	\$	\$	\$ (1,030)	\$ 12,627
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	12,627	(1,044)		1,044						12,627
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	69,600			63,931	(69,600)				(5,669)	69,600
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	69,600	(5,626)		5,626						69,600
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	333,875			306,674	(333,875)				(27,201)	333,875
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	333,875	(27,020)		27,020						333,875
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,970			6,403	(6,970)				(567)	6,970
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,970			6,403	(6,970)				(567)	6,970
Extraordinary Special Education Costs	15-100-034-5120-473	7/1/14-6/30/15	129,975				(129,975)			(129,975)	(129,975)	129,975
Extraordinary Special Education Costs	14-100-034-5120-473	7/1/13-6/30/14	128,421	(128,421)		128,421						128,421
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)	18,610
Other State Aid-Non Public Transportation	14-100-034-5120-068	7/1/13-6/30/14	17,189	(17,189)		17,189						17,189
On Behalf of TPAF Pension Contributions and Post Retirement Medical Benefits	15-495-034-5095-001	7/1/14-6/30/15	884,861			884,861	(884,861)					884,861
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	465,690			422,767	(465,690)				(22,923)	465,690
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	479,506	(1,943)		1,943						479,506
Total General Fund				\$ (181,243)	\$ 0	\$ 1,883,879	\$ (1,929,178)	\$ 0	\$ 0	\$ (171,508)	\$ (206,542)	\$ 2,970,396
Special Revenue Fund:												
Anti-Bullying Bill of Rights Act		7/1/14-6/30/15	572			572				572		
Anti-Bullying Bill of Rights Act		7/1/13-6/30/14	572							572		
Total State Financial Assistance				\$ (181,243)	\$ 572	\$ 1,884,451	\$ (1,929,178)	\$ 0	\$ 1,144	\$ (171,508)	\$ (206,542)	\$ 2,970,396

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, 2015

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 \$ 1344 and for the Special Revenue Fund is \$ -0-. Financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,927,834	\$ 1,927,834
Special Revenue Fund	172,771	-	\$ 172,771
Food Service	5,486	-	\$ 5,486
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 178,257</u>	<u>\$ 1,927,834</u>	<u>\$ 2,106,091</u>

K-5

THE MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015

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, 2015. 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, 2015.

MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
November 30, 2015

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, 2015

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, 2015

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

Federal Awards and State Financial Assistance (Continued)

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

\$300,000

Auditee qualified as low-risk auditee?

yes no

Identification of major programs:

Name of State Program or Cluster

Federal Awards:

None

State Financial Assistance:

State Grant Number

15-495-034-5095-002

Reimbursed TPAF
Social Security Contributions

15-495-034-5120-089

Special Education Aid
(State Aid Public Cluster)

15-495-034-5120-084

Security Aid
(State Aid Public Cluster)

15-495-034-5120-014

Transportation 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, 2015**

Section II - Schedule of Financial Statement Findings

Board Secretary's Records:

2015-1

1. Finding

- a. Condition: Budgetary line account for Student Transportation Services Salaries was over-expended during the fiscal year.
- b. Criteria: The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.
- c. Cause: Unknown
- d. Effect: Unknown
- e. Recommendation: Approved budgetary line accounts should not be over-expended.

2015-2

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.

2015-3

1. Finding

- a. 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.
- b. Criteria: The Original Budget results should be reported as necessary and appropriate on the District's In-house financial reports.
- c. Cause: Unknown
- d. Effect: Unknown
- e. Recommendation: The District's Revenue Report and DOE Budget Report should report the Original Budget results.

**MENDHAM TOWNSHIP SCHOOL DISTRICT BOARD OF EDUCATION
COUNTY OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015**

Follow-up on Prior Year Findings

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

Finding 2014-1:

Condition:

The capital asset records were not updated for the additions and disposals of capital assets made during the year.

Current Status:

This condition has been resolved

Finding 2014-2:

Condition:

The Treasurer's cash balances for the Payroll Agency Account and the Cafeteria Account were not in agreement with the reconciled cash balances determined during the audit.

Current Status:

This condition has been resolved

Finding 2014-3:

Condition:

Information reported on the ASSA was unable to be verified

Current Status:

This condition has been resolved