

# MENDHAM TOWNSHIP SCHOOL DISTRICT

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

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019

Comprehensive Annual  
Financial Report

of the

Mendham Township School District  
Board of Education

Mendham Township, New Jersey

For Fiscal Year Ended June 30, 2019

Prepared by

Mendham Township School District  
Board of Education

MENDHAM TOWNSHIP SCHOOL DISTRICT  
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INTRODUCTORY SECTION  
(UNAUDITED)

# Mendham Township Board of Education

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

Salvatore M. Constantino, Ed.D.  
Superintendent  
sconstantino@mendhamtp.org  
Fax 973-543-5537



November 27, 2019

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Mendham Township School District (the "District") for the fiscal year ended June 30, 2019 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 Mendham Township 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, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report 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: Mendham Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mendham Township Board of Education and 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 included regular as well as special education for classified children. The District completed the 2018-2019 fiscal year with an enrollment of 697 students.

2. ECONOMIC CONDITION AND OUTLOOK: The Mendham Township area is currently experiencing a period of slow development. The slow down in-home sales resulted in a declined enrollment, however enrollment seems to have stabilized somewhat over the last two years. The Mendham Township area is a highly desirable community in Morris County with a reputation for excellence in their schools.

<http://www.mendhamtp.org>

# Mendham Township Board of Education

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

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

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

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

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

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is 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.

<http://www.mendhamtp.org>



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The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
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November 27, 2019

As a recipient of federal awards 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 a vote of the Board of Education. 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2019.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7. **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.

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.

<http://www.mendhamtp.org>

# Mendham Township Board of Education

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



The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
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9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements 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.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Mendham Township School Board 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 our financial and accounting staff.

Respectfully submitted,

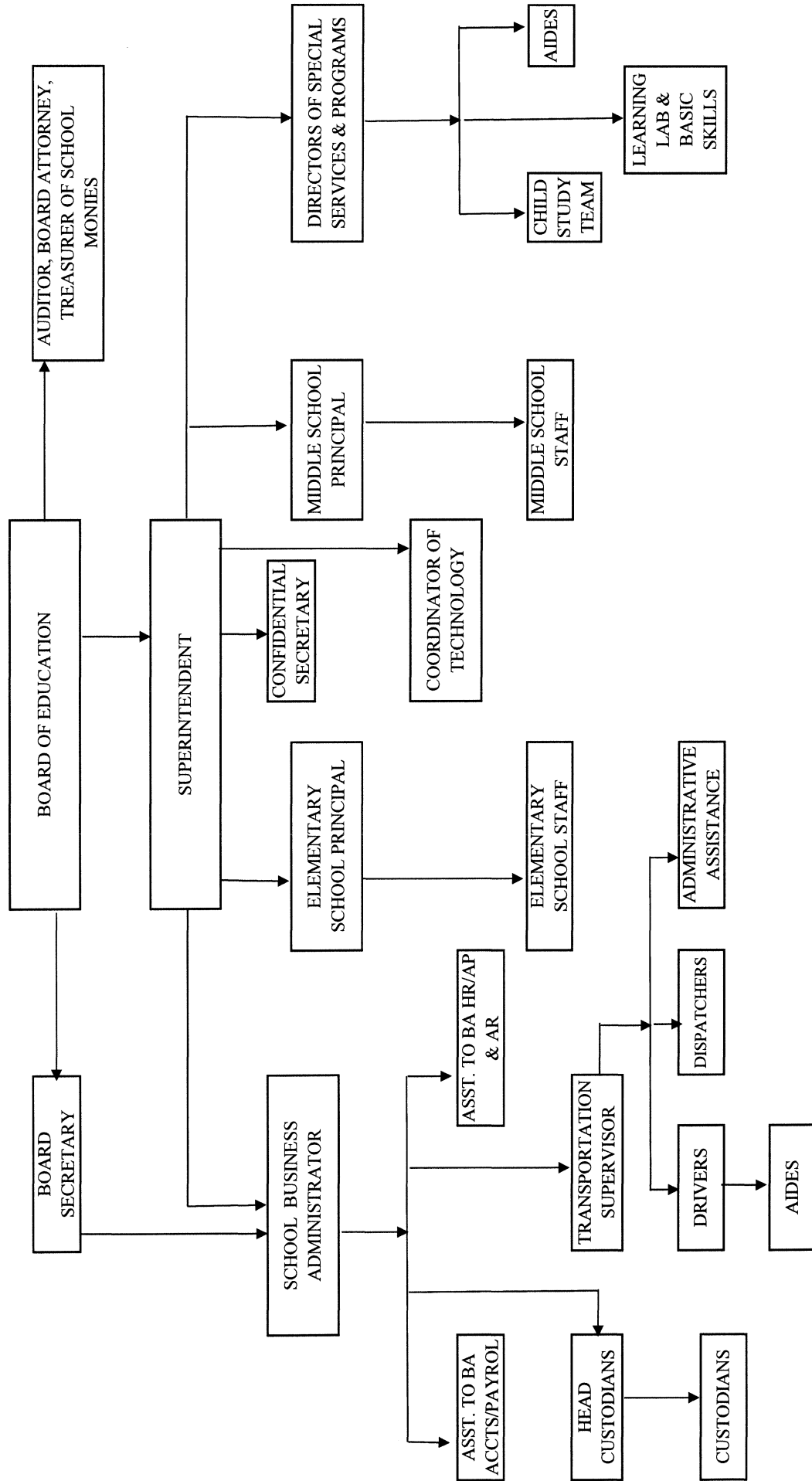
A handwritten signature in dark ink, appearing to read 'Salvatore Constantino', written over a horizontal line.

Salvatore Constantino, Ed.D.  
Superintendent

A handwritten signature in dark ink, appearing to read 'Donna Mosner', written over a horizontal line.

Donna Mosner  
School Business Administrator/  
Board Secretary

# MENDHAM TOWNSHIP SCHOOL DISTRICT - ORGANIZATIONAL CHART



MENDHAM TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2019

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Brian Jendryka, President	2019
Aadithya Thayyar, Vice President	2021
Peter Dumovic	2021
Heather Fraser	2020
Richard Gondek	2020
Gretchen Holquist	2019
Joan Mody	2019

<b><u>Other Officials</u></b>	<b><u>Title</u></b>
Salvatore Constantino, Ed.D.	Superintendent
Donna Mosner	School Business Administrator/Board Secretary
Elizabeth George, CPA	Treasurer of School Monies
Matthew J. Giacobbe	School Board Attorney
(Cleary, Giacobbe, Alfieri, Jacobs, LLC.)	

# **MENDHAM TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2018

## **Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

## **Board Attorney**

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169 Ramapo Valley Road  
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Oakland, NJ 07436

## **Special Education Attorney**

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Scarinci Hollenbeck  
1100 Valley Brook Ave.  
PO Box 790  
Lyndhurst, NJ 07071

## **Bond Attorney**

Lisa A. Gorab, Esq.  
Wilentz, Goldman, Spitzer  
90 Woodbridge Center Dr., Suite 900, Box 10  
Woodbridge, NJ 07095

## **Architect of Record**

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

## **Official Depositories**

Lakeland Bank  
98 East Main Street  
Mendham, NJ 07945

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mendham Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 generally 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.

#### ***Auditors' 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, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, each major fund, and the aggregate remaining fund information of the Board of Education of the Mendham Township School District, in the County of Morris, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The accompanying other information such as the introductory and statistical sections has 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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019 on our consideration of the 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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Nisivoccia, LLP*

NISIVOCCIA LLP

November 27, 2019  
Mount Arlington, New Jersey

*Kathryn L. Mantell*

\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

This section of Mendham Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services, a two-year-old program, an enrichment program, a middle school play program, and a pre-school services program.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

**Organization of Mendham Township School District's Financial Report**

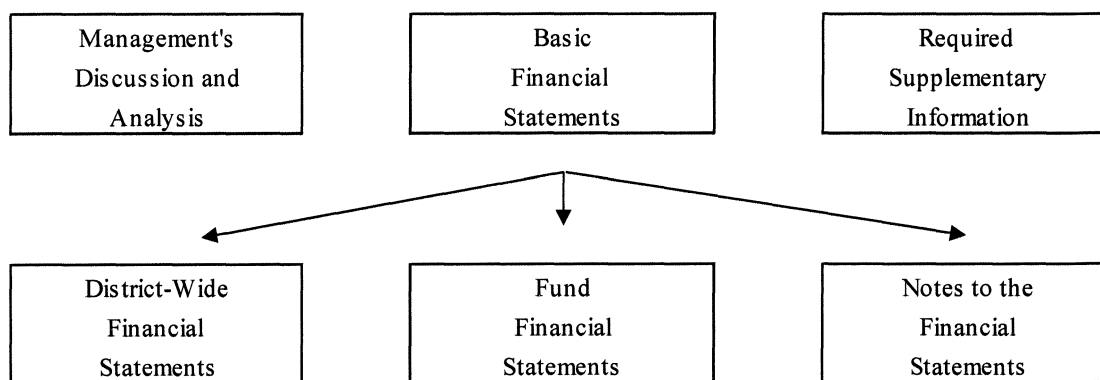


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Figure A-2  
Major Features of the District-Wide and Fund Financial Statements**

	Fund Financial Statements			
	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services, a two-year-old program, enrichment program, a middle school play program, and pre-school program	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the year end; expenditures when goods services have been received and related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, two-year-old program, enrichment program, middle school play program, and the pre-school program are included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

**Financial Analysis of the District as a Whole**

The District's combined net position was \$8,390,671 at year-end – an increase of \$182,270, or 2.22%. Net position invested in capital assets increased \$768,542 primarily due to the reduction of associated debt, restricted net position decreased \$551,310 primarily due to a reduction in excess surplus and unrestricted net position decreased \$34,962.

**Figure A-3  
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	Restated		Restated				
	2019	2018	2019	2018	2019	2018	
Current and Other Assets	\$ 2,934,987	\$ 2,685,661	\$ 97,880	\$ 855,003	\$ 3,032,867	\$ 3,540,664	
Capital Assets, Net	16,384,306	16,725,308	65,572	69,763	16,449,878	16,795,071	
Total Assets	19,319,293	19,410,969	163,452	924,766	19,482,745	20,335,735	-4.19%
Deferred Outflows of Resources	1,738,542	2,007,915			1,738,542	2,007,915	-13.42%
Other Liabilities	499,019	359,667	37,435	53,430	536,454	413,097	
Long-Term Liabilities	10,148,456	12,035,639			10,148,456	12,035,639	
Total Liabilities	10,647,475	12,395,306	37,435	53,430	10,684,910	12,448,736	-14.17%
Deferred Inflows of Resources	2,145,706	1,686,513			2,145,706	1,686,513	27.23%
Net Position:							
Investment in Capital Assets	12,166,320	11,393,587	65,572	69,763	12,231,892	11,463,350	
Restricted	2,228,253	2,779,563			2,228,253	2,779,563	
Unrestricted/(Deficit)	(6,129,919)	(6,089,767)	60,445	55,255	(6,069,474)	(6,034,512)	
Total Net Position/(Deficit)	\$ 8,264,654	\$ 8,083,383	\$ 126,017	\$ 125,018	\$ 8,390,671	\$ 8,208,401	2.22%

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
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The Changes in the Net Position shows the cost of program services and the revenues of the District on a comparative schedule (see Figure A-4).

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2018-2019
	2019	2018	2019	2018	2019	2018	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,029,820	\$ 859,516	\$ 798,914	\$ 730,665	\$ 1,828,734	\$ 1,590,181	
Operating Grants and Contributions	5,099,924	6,207,991		3,546	5,099,924	6,211,537	
General Revenue:							
Property Taxes	15,951,402	15,850,628			15,951,402	15,850,628	
Unrestricted Federal and State Aid	15,699	34,804			15,699	34,804	
Other	75,767	21,639	1,648	20,663	77,415	42,302	
<b>Total Revenue</b>	<b>22,172,612</b>	<b>22,974,578</b>	<b>800,562</b>	<b>754,874</b>	<b>22,973,174</b>	<b>23,729,452</b>	<b>-3.19%</b>
Expenses:							
Instruction	11,677,280	12,546,179			11,677,280	12,546,179	
Tuition	279,052	199,346			279,052	199,346	
Pupil & Instruction Services	2,859,598	2,993,835			2,859,598	2,993,835	
Administrative and Business	2,165,008	2,287,270			2,165,008	2,287,270	
Maintenance & Operations	2,385,403	2,267,846			2,385,403	2,267,846	
Transportation	2,365,703	2,256,004			2,365,703	2,256,004	
Other	259,450	585,594	799,410	557,954	1,058,860	1,143,548	
<b>Total Expenses</b>	<b>21,991,494</b>	<b>23,136,074</b>	<b>799,410</b>	<b>557,954</b>	<b>22,790,904</b>	<b>23,694,028</b>	<b>-3.81%</b>
Transfers	153		(153)				
<b>Change in Net Position</b>	<b>\$ 181,271</b>	<b>\$ (161,496)</b>	<b>\$ 999</b>	<b>\$ 196,920</b>	<b>\$ 182,270</b>	<b>\$ 35,424</b>	<b>414.54%</b>

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Governmental Activities**

The financial position of the District remains strong. Maintaining existing programs with regular pupil enrollment and the provision of a multitude of special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health.

Figure A-5 presents the cost of seven major District activities: instruction, tuition, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5  
Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 11,677,280	\$ 12,546,179	\$ 7,905,112	\$ 7,896,169
Tuition	279,052	199,346	279,052	199,346
Pupil & Instruction Services	2,859,598	2,993,835	2,128,445	2,089,297
Administrative and Business	2,165,008	2,287,270	1,703,730	1,691,428
Maintenance & Operations	2,385,403	2,267,846	2,385,403	2,267,846
Transportation	2,365,703	2,256,004	1,200,558	1,338,887
Other	259,450	585,594	259,450	585,594
<b>Total</b>	<b>\$ 21,991,494</b>	<b>\$ 23,136,074</b>	<b>\$ 15,861,750</b>	<b>\$ 16,068,567</b>

**Business-Type Activities**

Net position from the District's business-type activities increased by \$999, primarily due to an increase in expenses both in the major and non-major funds of \$241,456, mainly in the Preschool Program, offset by an increase in revenues of \$45,688 (refer to Figure A-4).

**Financial Analysis of the District's Funds**

The District's fund balance in the General Fund decreased \$461,264 during the fiscal year. This decrease resulted primarily from the use of \$1,459,331 of surplus used to support the budget and a \$250,000 withdrawal from capital reserve to fund a current year project. These reductions in surplus were offset by excess local and state revenue over budgeted amounts and unexpended budget appropriations of \$1,263,373. The District's fund balance and Debt Service Fund was \$-0- and remained unchanged from the previous year.



**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Capital Assets**

At year end, the District's capital assets were \$16,449,878 – a decrease of \$345,193, or 2.05%, from the previous year. During the fiscal year, the District acquired \$458,466 of capital assets and depreciated \$803,659 of its capital assets. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

**Figure A-6  
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	Restated		Restated			
	2019	2018	2019	2018	2019	2018
Land	\$ 14,000	\$ 14,000			\$ 14,000	\$ 14,000
Site Improvements	444,915	321,577			444,915	321,577
Buildings/Improvements	15,102,639	15,733,349			15,102,639	15,733,349
Furniture, Machinery and Equipment	822,752	656,382	\$ 65,572	\$ 69,763	888,324	726,145
<b>Total</b>	<b>\$16,384,306</b>	<b>\$16,725,308</b>	<b>\$ 65,572</b>	<b>\$ 69,763</b>	<b>\$16,449,878</b>	<b>\$16,795,071</b>

**Long-Term Liabilities**

At year-end, the District had \$10,148,456 in general obligation bonds, net pension liability and other long-term liabilities outstanding – a decrease of \$1,887,183 from the prior year due primarily to the decrease in Net Pension Liability and in general obligation bonds – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-7  
Outstanding Long-Term Liabilities**

	<u>Total School District</u>		<u>Percent Change 2018-2019</u>
	2019	2018	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,885,000	\$ 4,875,000	
Net Pension Liability	5,573,919	6,415,453	
Other Long Term Liabilities	689,537	745,186	
<b>Total</b>	<b>\$10,148,456</b>	<b>\$12,035,639</b>	<b>-15.68%</b>

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was in a good financial position and there were no significant factors bearing on the District's future.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 18 West Main Street, Brookside, New Jersey 07926.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,278,573	\$ 833,459	\$ 2,112,032
Receivable from Federal Government	102,909		102,909
Receivable from State Government	263,324		263,324
Receivable from Other Governments	121,877		121,877
Other Accounts Receivable		4,716	4,716
Internal Balances	746,162	(746,162)	
Inventories		5,867	5,867
Restricted Cash and Cash Equivalents:			
Maintenance Reserve Account	136,329		136,329
Capital Reserve Account	285,813		285,813
Capital Assets:			
Land	14,000		14,000
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery & Equipment	16,370,306	65,572	16,435,878
<b>Total Assets</b>	<b>19,319,293</b>	<b>163,452</b>	<b>19,482,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,738,542		1,738,542
<b>Total Deferred Outflows of Resources</b>	<b>1,738,542</b>		<b>1,738,542</b>
<b>LIABILITIES</b>			
Accounts Payable	421,032		421,032
Payable to Federal Government	30,330		30,330
Accrued Interest Payable	45,580		45,580
Unearned Revenue	2,077	37,435	39,512
Noncurrent Liabilities:			
Due Within One Year	1,179,611		1,179,611
Due Beyond One Year	8,968,845		8,968,845
<b>Total Liabilities</b>	<b>10,647,475</b>	<b>37,435</b>	<b>10,684,910</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	2,145,706		2,145,706
<b>Total Deferred Inflows of Resources</b>	<b>2,145,706</b>		<b>2,145,706</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 12,166,320	\$ 65,572	\$ 12,231,892
Restricted for:			
Capital Projects	285,813		285,813
Maintenance	136,329		136,329
Excess Surplus	1,806,111		1,806,111
Unrestricted/(Deficit)	(6,129,919)	60,445	(6,069,474)
<b>Total Net Position</b>	<b>\$ 8,264,654</b>	<b>\$ 126,017</b>	<b>\$ 8,390,671</b>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 8,307,563	\$ 78,814	\$ 2,142,135	\$ (6,086,614)	\$	\$ (6,086,614)	
Special Education	2,633,503		1,365,315	(1,268,188)		(1,268,188)	
Other Instruction	532,454			(532,454)		(532,454)	
School-Sponsored Instruction	203,760		185,904	(17,856)		(17,856)	
<b>Support Services:</b>							
Tuition	279,052			(279,052)		(279,052)	
Student & Instruction Related Services	2,859,598		731,153	(2,128,445)		(2,128,445)	
General Administrative Services	653,455		140,131	(513,324)		(513,324)	
School Administrative Services	1,077,501		215,500	(862,001)		(862,001)	
Central Services and Administrative Information Technology	434,052		105,647	(328,405)		(328,405)	
Plant Operations and Maintenance	2,385,403			(2,385,403)		(2,385,403)	
Pupil Transportation	2,365,703	951,006	214,139	(1,200,558)		(1,200,558)	
Interest and Other Charges	191,521			(191,521)		(191,521)	
Capital Outlay	61,715			(61,715)		(61,715)	
Unallocated Depreciation	6,214			(6,214)		(6,214)	
<b>Total Governmental Activities</b>	<b>21,991,494</b>	<b>1,029,820</b>	<b>5,099,924</b>	<b>(15,861,750)</b>		<b>(15,861,750)</b>	

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:						
Preschool Program	\$ 336,623	\$ 338,872			\$ 2,249	\$ 2,249
2 Year Old Program	95,613	91,004			(4,609)	(4,609)
Middle School Play	47,526	50,723			3,197	3,197
Food Service	319,648	318,315			(1,333)	(1,333)
Total Business-Type Activities	799,410	798,914			(496)	(496)
Total Primary Government	\$ 22,790,904	\$ 1,828,734	\$ 5,099,924	\$ (15,861,750)	(496)	(15,862,246)
General Revenue and Transfers :						
Taxes:						
Property Taxes, Levied for General Purposes, Net				14,762,364		14,762,364
Taxes Levied for Debt Service				1,189,038		1,189,038
Federal and State Aid not Restricted:				15,699		15,699
Miscellaneous Income				75,767	1,648	77,415
Transfers				153	(153)	
Total General Revenue and Transfers				16,043,021	1,495	16,044,516
Change in Net Position				181,271	999	182,270
Net Position - Beginning (Restated)				8,083,383	125,018	8,208,401
Net Position - Ending				\$ 8,264,654	\$ 126,017	\$ 8,390,671

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

FUND FINANCIAL STATEMENTS



MENDHAM TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,278,573			\$ 1,278,573
Receivables From Federal Government		\$ 102,909		102,909
Receivables From State Government	263,324			263,324
Receivables From Other Governments	121,669	208		121,877
Interfund Receivable	816,872			816,872
Restricted Cash and Cash Equivalents	422,142			422,142
<b>Total Assets</b>	<b>\$ 2,902,580</b>	<b>\$ 103,117</b>	<b>\$ - 0 -</b>	<b>\$ 3,005,697</b>

LIABILITIES AND FUND BALANCES:

<u>Liabilities:</u>				
Accounts Payable	121,257			121,257
Payable to Federal Government		30,330		30,330
Interfund Payable		70,710		70,710
Other Current Liabilities				
Unearned Revenue		2,077		2,077
<b>Total Liabilities</b>	<b>121,257</b>	<b>103,117</b>		<b>224,374</b>
<u>Fund Balances:</u>				
<u>Restricted:</u>				
Capital Reserve Account	285,813			285,813
Maintenance Reserve	136,329			136,329
Excess Surplus	900,000			900,000
Excess Surplus - For Subsequent Year's Expenditures	906,111			906,111
Unassigned	553,070			553,070

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Total Fund Balances	\$ 2,781,323			\$ 2,781,323
Total Liabilities and Fund Balances	\$ 2,902,580	\$ 103,117	\$ - 0 -	\$ 3,005,697

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from Above	\$	2,781,323		\$ 2,781,323
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.				16,384,306
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(45,580)
Long-Term Liabilities, Including Bonds Payable and Compensated Absences, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds				(4,574,537)
The Net Pension Liability for PERS is not due/payable in the current period and is not Reported in the Governmental Funds.				(5,573,919)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.				
Deferred Outflows				1,438,767
Deferred Inflows				(2,145,706)
Net Position of Governmental Activities	\$			<u>8,264,654</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	\$ 14,762,364		\$ 1,189,038	\$ 15,951,402
Tuition	78,814			78,814
Transportation Fees from Other LEASs	951,006			951,006
Rents and Royalties	12,460			12,460
Interest Earned on Maintenance Reserve Funds	272			272
Interest Earned on Capital Reserve Funds	510			510
Miscellaneous	62,525	\$ 828		63,353
	<u>15,867,951</u>	<u>828</u>	<u>1,189,038</u>	<u>17,057,817</u>
State Sources	3,042,404			3,042,404
Federal Sources		295,422		295,422
Total Revenues	<u>18,910,355</u>	<u>296,250</u>	<u>1,189,038</u>	<u>20,395,643</u>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	4,619,447	140,116		4,759,563
Special Education Instruction	1,384,703	156,134		1,540,837
Other Instruction	199,409			199,409
School-Sponsored	203,760			203,760
Support Services and Undistributed Costs:				
Tuition	279,052			279,052
Student and Other Instruction Related Services	1,553,536			1,553,536
General Administration Services	411,570			411,570
School Administration Services	597,939			597,939

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES:</b>				
Central Services & Administrative Information Technology	\$ 243,337			\$ 243,337
Plant Operations and Maintenance	1,450,749			1,450,749
Student Transportation	1,999,911			1,999,911
Unallocated Benefits	5,994,179			5,994,179
Debt Service:				
Interest and Other Charges			\$ 199,038	199,038
Principal			990,000	990,000
Capital Outlay	516,899			516,899
Total Expenditures	19,454,491	\$ 296,250	1,189,038	20,939,779
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(544,136)			(544,136)
<b>OTHER FINANCING SOURCES/(USES):</b>				
Capital Leases (Non-Budgeted)	82,719			82,719
Transfers In/(Out)	153			153
Total Other Financing Sources/(Uses)	82,872			82,872
Net Change in Fund Balances	(461,264)			(461,264)
Fund Balance - July 1	3,242,587			3,242,587
Fund Balance - June 30	\$ 2,781,323	\$ - 0 -	\$ - 0 -	\$ 2,781,323

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

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 FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (461,264)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation.

Depreciation Expense	\$	(796,186)
Capital Outlays		455,184
		(341,002)

In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).

(68,086)

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

990,000

Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

206,454

Capital leases entered into by the district are an other financing source in the governmental funds, however, the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

(82,719)

MENDHAM TOWNSHIP BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

In the Statement of Activities, interest on long term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

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

Changes in Net Pension Liability	841,534
Change in Deferred Outflows	(451,970)
Change in Deferred Inflows	(459,193)
	\$ 181,271

Change in Net Position of Governmental Activities (Exhibit A-2)

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Major Funds		Non-Major Funds	Enterprise Funds Total
	Preschool Program	2 Year Old Program		
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 537,483	\$ 161,988	\$ 133,988	\$ 833,459
Student Accounts Receivable	4,136	580		4,716
Interfund Accounts Receivable			3,277	3,277
Inventories			5,867	5,867
Total Current Assets	<u>541,619</u>	<u>162,568</u>	<u>143,132</u>	<u>847,319</u>
Non-Current Assets:				
Capital Assets	43,869		73,579	117,448
Less: Accumulated Depreciation	(14,532)		(37,344)	(51,876)
Total Non-Current Assets	<u>29,337</u>		<u>36,235</u>	<u>65,572</u>
Total Assets	<u>570,956</u>	<u>162,568</u>	<u>179,367</u>	<u>912,891</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Interfund Accounts Payable	505,284	167,117	77,038	749,439
Unearned Revenue - Prepaid Meals			6,785	6,785
Unearned Revenue - Program Fees	30,650			30,650
Total Current Liabilities	<u>535,934</u>	<u>167,117</u>	<u>83,823</u>	<u>786,874</u>
<b>NET POSITION:</b>				
Investment in Capital Assets	29,337		36,235	65,572
Unrestricted	5,685	(4,549)	59,309	60,445
Total Net Position	<u>\$ 35,022</u>	<u>\$ (4,549)</u>	<u>\$ 95,544</u>	<u>\$ 126,017</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Major Funds			Enterprise Funds Total
	Preschool Program	2 Year Old Program	Non-Major Funds	
Operating Revenue:				
Local Sources:				
Daily Sales - Non-Reimbursable Meals			\$ 318,315	\$ 318,315
Charges for Services - Program Fees	\$ 338,872	\$ 91,004	50,723	480,599
Total Operating Revenue	338,872	91,004	369,038	798,914
Operating Expenses:				
Cost of Sales - Non-Reimbursable Programs			153,054	153,054
Cost of Sales - Non-Reimbursable Programs				
Salaries, Benefits & Payroll Taxes		95,613	112,964	208,577
Supplies, Insurance & Other Costs			30,301	30,301
Management Fee			18,049	18,049
Miscellaneous	334,430		47,526	381,956
Depreciation Expense	2,193		5,280	7,473
Total Operating Expenses	336,623	95,613	367,174	799,410
Operating Income/(Loss)	2,249	(4,609)	1,864	(496)
Non-Operating Revenue:				
Local Sources:				
Interest Income	1,242	60	346	1,648
Total Non-Operating Revenue	1,242	60	346	1,648
Change in Net Position Before Other Items	3,491	(4,549)	2,210	(2,339)
Other Items:				
Transfer - General Fund			(153)	(153)
Total Other Items			(153)	(153)
Change in Net Position After Other Items	3,491	(4,549)	2,057	999
Net Position/(Deficit) - Beginning of Year (Restate	31,531		93,487	125,018
Net Position/(Deficit) - End of Year	\$ 35,022	\$ (4,549)	\$ 95,544	\$ 126,017

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



MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Major Funds</u>			<u>Enterprise</u>
	<u>Preschool</u> <u>Program</u>	<u>2 Year Old</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Funds</u> <u>Total</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 349,072	\$ 86,782	\$ 373,215	\$ 809,069
Payments for Programs	(334,430)	(95,613)	(47,526)	(477,569)
Payments to Food Service Vendor			(341,380)	(341,380)
Net Cash Provided by/(Used for) Operating Activities	<u>14,642</u>	<u>(8,831)</u>	<u>(15,691)</u>	<u>(24,522)</u>
Cash Flows from Investing Activities:				
Local Sources:				
Interest Income	<u>1,242</u>	<u>60</u>	<u>346</u>	<u>1,648</u>
Net Cash Provided by Investing Activities	<u>1,242</u>	<u>60</u>	<u>346</u>	<u>1,648</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets			(3,282)	(3,282)
Net Cash Used for Capital and Related Financial Activities			<u>(3,282)</u>	<u>(3,282)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	15,884	(8,771)	(18,627)	(11,514)
Cash and Cash Equivalents, July 1	<u>521,599</u>	<u>170,759</u>	<u>152,615</u>	<u>844,973</u>
Cash and Cash Equivalents, June 30	<u>\$ 537,483</u>	<u>\$ 161,988</u>	<u>\$ 133,988</u>	<u>\$ 833,459</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used) for Operating Activities:				
Operating Income/(Loss)	\$ 2,249	\$ (4,609)	\$ 1,864	\$ (496)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used) for Operating Activities:				
Depreciation	2,193		5,280	7,473
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(2,732)	2,628		(104)
(Increase)/Decrease in Inventory			(758)	(758)
Increase/(Decrease) in Unearned Revenue	12,932	(6,850)	4,177	10,259
Increase/(Decrease) in Accounts Payable			(26,254)	(26,254)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 14,642</u>	<u>\$ (8,831)</u>	<u>\$ (15,691)</u>	<u>\$ (9,880)</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 590,709	\$ 91,899	\$ 2,872	\$ 685,480
Total Assets	<u>590,709</u>	<u>91,899</u>	<u>2,872</u>	<u>685,480</u>
<b>LIABILITIES:</b>				
Due to Student Groups	#REF!			#REF!
Accrued Payroll - Summer Savings	434,520			434,520
Payroll Deductions and Withholdings	83,565			83,565
Total Liabilities	<u>#REF!</u>			<u>#REF!</u>
<b>NET POSITION:</b>				
Held in Trust for:				
Unemployment Claims		91,899		91,899
Flexible Spending Claims			2,872	2,872
Total Net Position	<u>\$ -0-</u>	<u>\$ 91,899</u>	<u>\$ 2,872</u>	<u>\$ 94,771</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Plan Contributions	\$ 29,318	\$ 5,900	\$ 35,218
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Contributions	29,318	5,900	35,218
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Investment Earnings:			
Interest	<u>                    </u>	4	4
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Investment Earnings	<u>                    </u>	4	4
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Additions	29,318	5,904	35,222
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Deductions:			
Unemployment Compensation Claims	40,205	<u>                    </u>	40,205
Flexible Spending Claims	<u>                    </u>	5,726	5,726
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Deductions	40,205	5,726	45,931
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Net Position	(10,887)	178	(10,709)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position - Beginning of the Year	102,786	2,694	105,480
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position - End of the Year	\$ 91,899	\$ 2,872	\$ 94,771
	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. 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.

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

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements:

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the 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.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements:

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's two-year-old, enrichment, food service, middle school play, and pre-school program operations. The Enterprise Funds 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Flexible Spending Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 approved by a vote of the Board of Education. 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/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize the payments in the GAAP financial statements.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,920,170	\$ 296,250
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	41,048	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(50,863)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$18,910,355</u>	<u>\$ 296,250</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,454,491	\$ 296,250
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,454,491	\$ 296,250

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent 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.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Furniture, Machinery and Equipment	10 to 15 Years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows employees who provide services to the District over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there is \$434,520 of accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,781,323 General Fund fund balance at June 30, 2019, \$285,813 is restricted in the capital reserve account; \$136,329 is restricted in the maintenance reserve account; \$1,806,111 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$906,111 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; \$900,000 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021); and \$553,070 is unassigned fund balance (which is \$50,863 less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2020).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2019 is \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$50,863 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$6,129,919 in governmental activities, which is primarily due to compensated absences payable, and net pension liability, offset by deferred inflows and outflows related to pensions. The 2 Year Old Program Enterprise Fund has a deficit in unrestricted net position of \$4,549 due to unforeseen increases in costs which will be closely monitored. The deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources and deferred inflows of resources at June 30, 2019 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Fund balance restrictions have been established for a capital reserve, a maintenance reserve and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment or resources. The District has no committed resources at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not a restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has no assigned resources at June 30, 2019.

T. 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.

U. Fund Balance Restrictions, Commitments and Assignments

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.

V. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service, two-year-old, enrichment, middle school play, and the pre-school program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. 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.

X. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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 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 in the section entitled Investments.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Custodial Credit Risk – The District’s policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. 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 on deposit.

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.); ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Restricted		Unrestricted	
	Cash and Cash Equivalents		Cash and	
	Capital	Maintenance	Cash	
	Reserve	Reserve	Equivalents	Total
Checking & Savings Accounts	\$ 285,813	\$ 136,329	\$ 2,797,512	\$ 3,219,654
	<u>\$ 285,813</u>	<u>\$ 136,329</u>	<u>\$ 2,797,512</u>	<u>\$ 3,219,654</u>

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$3,219,654 and the bank balance was \$3,680,385.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Mendham Township School District by inclusion of \$1 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 the 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. 6:23A-5.1(d)7, 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, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 278,064
Interest	510
Deposit by Board Resolution June 2019	257,239
Budgeted Withdrawal	<u>(250,000)</u>
Balance at June 30, 2019	<u>\$ 285,813</u>

The balance in the capital reserve account at June 30, 2019 does not exceed the Long-Range Facilities Plan balance of local support costs of uncompleted projects. The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$122,465 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 14,000			\$ 14,000
Total Capital Assets not Being Depreciated	14,000			14,000
Capital Assets Being Depreciated:				
Site Improvements	874,693	\$ 144,062		1,018,755
Buildings and Building Improvements	26,182,478			26,182,478
Machinery and Equipment	2,183,100	311,122		2,494,222
Total Capital Assets Being Depreciated	29,240,271	455,184		29,695,455
Governmental Activities Capital Assets	29,254,271	455,184		29,709,455
Less Accumulated Depreciated for:				
Site Improvements	(553,116)	(20,724)		(573,840)
Buildings and Building Improvements	(10,449,130)	(630,710)		(11,079,840)
Machinery and Equipment	(1,526,717)	(144,752)		(1,671,469)
Total Accumulated Depreciation	(12,528,963)	(796,186)		(13,325,149)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 16,725,308	\$ (341,002)	\$ - 0 -	\$ 16,384,306
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 114,166	\$ 3,282		\$ 117,448
Less Accumulated Depreciation	(44,403)	(7,473)		(51,876)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 69,763	\$ (4,191)	\$ - 0 -	\$ 65,572

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,609
Special Education Instruction	50
General Administrative Services	3,052
School Administrative Services	36,110
Operations & Maintenance of Plant	649,783
Student Transportation	98,368
General/Unallocated	6,214
	<u>\$ 796,186</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired/ Adjusted	Balance 6/30/2019
Bonds Payable	\$ 4,875,000		\$ 990,000	\$ 3,885,000
Net Pension Liability	6,415,453		841,534	5,573,919
Compensated Absences Payable	288,465	\$ 68,086		356,551
Capital Leases Payable	456,721	82,719	206,454	332,986
	<u>\$ 12,035,639</u>	<u>\$ 150,805</u>	<u>\$ 2,037,988</u>	<u>\$ 10,148,456</u>

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 and will be liquidated by the Debt Service Fund.

The District had bonds outstanding as of June 30, 2019 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Refunding Bonds of 2010	12/1/21	5.00%	\$ 990,000
Refunding Bonds of 2011	4/1/23	4.00%	2,895,000
			<u>\$ 3,885,000</u>

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2020	\$ 1,060,000	\$ 156,925	\$ 1,216,925
2021	1,060,000	111,175	1,171,175
2022	1,045,000	65,800	1,110,800
2023	720,000	28,800	748,800
	<u>\$ 3,885,000</u>	<u>\$ 362,700</u>	<u>\$ 4,247,700</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board has no bonds authorized but not issued.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. LONG-TERM LIABILITIES: (Cont'd)

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$356,551. The compensated absences payable will be liquidated by the General Fund. There is no liability for compensated absences in the District's Enterprise Funds.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$5,573,919. See Note 8 for further information on the PERS.

E. Capital Leases Payable

The District is currently leasing vehicles and technology equipment valued at \$1,047,035, of which \$714,049 has matured and been repaid. The capital leases are for five-year terms and will be liquidated by the General Fund. 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, 2019:

Year	Amount
2020	\$ 154,807
2021	113,169
2022	63,646
2023	19,412
	\$ 351,034
Less: Amount Representing Interest	(18,048)
Total Future Minimum Lease Payments	\$ 332,986

The current portion of capital leases payable at June 30, 2019 is \$119,611 and the long-term portion is \$213,375. The General Fund will be used to liquidate the capital leases payable.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: The Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS

A. Public Employees' Retirement System (PERS)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$294,519 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS

A. Public Employees' Retirement System (PERS)

Pension Liabilities and Pension Expense

At June 30, 2019, the District's liability was \$5,573,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was .028%, which was an increase of 0.001% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized actual pension expense in the amount of \$351,210. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 44,118	
	2015	5.72	199,122	
	2016	5.57	675,250	
	2017	5.48		\$(1,027,510)
	2018	5.63		(754,733)
			<u>918,490</u>	<u>(1,782,243)</u>
Changes in Proportion	2014	6.44		(86,389)
	2015	5.72	111,953	
	2016	5.57	163,025	
	2017	5.48		(196,049)
	2018	5.63	139,004	
			<u>413,982</u>	<u>(282,438)</u>
Net Difference Between Projected and Actual	2015	5.00		33,681
Investment Earnings on Pension Plan Investments	2016	5.00		188,295
	2017	5.00		(169,475)
	2018	5.00		(104,785)
				<u>(52,284)</u>
Difference Between Expected and Actual Experience	2015	5.72	55,245	
	2016	5.57	20,492	
	2017	5.48	30,558	
	2018	5.63		(28,741)
			<u>106,295</u>	<u>(28,741)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	299,775	
			<u>\$ 1,738,542</u>	<u>\$(2,145,706)</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 38,686
2020	(53,561)
2021	(384,077)
2022	(332,924)
2023	(106,607)
	\$ (838,483)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equit	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Discount Rate (Cont'd)

The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 7,008,561	\$ 5,573,919	\$ 4,370,346

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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 THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$1,172,052 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,254,224.

The employee contribution rate was 7.50% effective July 1, 2018.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$38,668,243. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.060%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>38,668,243</u>
Total	<u>\$ 38,668,243</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$2,254,224 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00 - 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 45,705,129	\$ 38,668,243	\$ 32,834,836

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$24,838 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$33,690 for the fiscal year ended June 30, 2019.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Board offers several plan administrators for its employees to utilize.

AXA Equitable                      VALIC  
Lincoln Investment Planning   Vanguard Small Business

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The District is a member of the School Alliance Insurance Fund (“SAIF”). This public entity risk management pool provided general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The SAIF is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF’s liabilities. The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The audit report for the fiscal year ended June 30, 2019 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 41,974,396
Total Expenses	\$ 35,489,346
Change in Net Position	\$ 6,485,050
Members Dividends	\$ - 0 -

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Financial statements for the Fund are available at the Fund's Executive Director's Office:

School Alliance Insurance Fund  
51 Everett Drive, Suite 40-B  
West Windsor, NJ 08550  
(609) 275-1155  
www.saifund.com

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.

The following is a summary of the employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 29,318	\$ 40,205	\$ 91,899
2017-2018	29,885	25,254	102,786
2016-2017	28,845	27,697	98,155

NOTE 11. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Mendham Township School District for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 136,057
Increases: Interest	272
Balance at June 30, 2019	\$ 136,329

NOTE 14. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type activities as of June 30, 2018 consisted of the following:

	General Fund	Special Revenue Fund	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
Vendors	\$ 121,257			\$ 121,257
State of New Jersey		\$ 30,330	\$ 299,775	330,105
	\$ 121,257	\$ 30,330	\$ 299,775	\$ 451,362

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 816,872	
Special Revenue Fund		\$ 70,710
Proprietary Funds - Food Service	3,277	
Proprietary Funds - Enrichment Program		77,038
Proprietary Funds - Preschool Program		505,284
Proprietary Funds - 2-Year Old Program		167,117
	\$ 820,149	\$ 820,149

The interfund receivable in the General Fund from the Special Revenue Fund is for a deficit in cash due to the time lag between request and reimbursement of grant funds. The interfund receivable between the General Fund and the various Proprietary Funds is expenses disbursed from the General Fund on behalf of the respective Proprietary Funds in prior years. The interfund receivable from the General Fund to the Food Service Proprietary Fund is for Special Milk Program grant funds received in the General Fund and not turned over as of the end of the year.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2019, there were no encumbrances in the District's General Fund – Governmental Funds. All of the governmental funds are considered to be major funds.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	Inflation Rate	2.50%
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 29,508,914
Changes for Year:	
Service Cost	1,141,866
Interest on the Total OPEB Liability	1,085,666
Changes in Assumptions	(2,914,147)
Differences between Expected and Actual Experience	(2,772,223)
Gross Benefit Payments by the State	(679,040)
Contributions from Members	23,469
Net Changes	(4,114,409)
Balance at June 30, 2018	\$ 25,394,505

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 30,021,474	\$ 25,394,505	\$ 21,716,542

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 20,990,037	\$ 25,394,505	\$ 31,219,582

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$1,237,568 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (3,084,591)
Changes in Assumptions	2018	9.51		(2,607,717)
			-0-	(5,692,308)
Differences Between Expected and Actual Experience	2018	9.51		(2,465,104)
Changes in Proportion	N/A	N/A	\$ 123,064	
			<u>\$ 123,064</u>	<u>\$ (8,157,412)</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (1,005,198)
2020	(1,005,198)
2021	(1,005,198)
2022	(1,005,198)
2023	(1,005,198)
Thereafter	(3,131,421)
	<u>\$ (8,157,412)</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENT

The District made prior year adjustments in the District Wide Financial Statements to adjust capital assets due to an updated appraisal report. As a result, the District Wide Financial Statements as of June 30, 2018 have been restated as follows:

	Balance 6/30/18 as Previously Reported	Retroactive Adjustments	Balance 6/30/18 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Capital Assets not being Depreciated:			
Sites (Land)	\$ 14,000		\$ 14,000
Total Capital Assets not Being Depreciated	14,000		14,000
Capital Assets Being Depreciated:			
Site Improvements	\$ 1,327,615	\$ (452,922)	\$ 874,693
Buildings and Building Improvements	25,828,145	354,333	26,182,478
Machinery and Equipment	3,965,361	(1,782,261)	2,183,100
Governmental Activities Capital Assets	31,135,121	(1,880,850)	29,254,271
Less Accumulated Depreciation for:			
Site Improvements	(570,125)	17,009	(553,116)
Buildings and Building Improvements	(8,294,356)	(2,154,773)	(10,449,129)
Machinery and Equipment	(3,316,487)	1,789,769	(1,526,718)
Total Accumulated Depreciation	(12,180,968)	(347,995)	(12,528,963)
Capital Assets, Net - Governmental Activities	18,954,153	(2,228,845)	16,725,308
<u>Statement of Net Position - Business-Type Activities:</u>			
Capital Assets Being Depreciated:			
Machinery and Equipment	150,707	(36,541)	114,166
Less Accumulated Depreciation	(109,067)	64,664	(44,403)
Capital Assets, Net - Business-Type Activities	41,640	28,123	69,763
Total Capital Assets, Net of Depreciation	\$ 18,995,793	\$(2,200,722)	\$ 16,795,071
<u>Statement of Net Position - Governmental Activities:</u>			
Net Position:			
Net Investment in Capital Assets	13,622,432	(2,228,845)	11,393,587
Total Net Position	10,312,228	(2,228,845)	8,083,383
<u>Statement of Net Position - Business-Type Activities:</u>			
Total Assets			
Net Position:			
Investment in Capital Assets	41,641	28,123	69,764
Total Net Position	96,896	28,123	125,019



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion of the Net Pension Liability	0.0252628146%	0.0271968536%	0.0289757023%	0.0275596801%
District's Proportionate Share of the Net Pension Liability	\$ 4,729,890	\$ 6,105,149	\$ 8,581,772	\$ 6,415,453
District's Covered Employee Payroll	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	238.79%	328.21%	440.68%	330.38%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability for the Local Group	52.08%	47.93%	40.14%	48.10%
				53.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 208,263	\$ 233,820	\$ 257,416	\$ 257,758	\$ 294,519
Contributions in relation to the Contractually Required Contribution	(208,263)	(233,820)	(257,416)	(257,758)	(294,519)
Contribution Deficiency/(Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 1,941,190	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846
Contributions as a percentage of Covered Employee Payroll	10.73%	11.80%	13.84%	13.24%	15.17%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the Net Pension Liability attributable to the District	0.0650455218%	0.0632541340%	0.0635981239%	0.0614446201%	0.0607820632%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 34,764,714	\$ 39,979,314	\$ 50,030,334	\$ 41,428,178	\$ 38,668,243
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240	\$ 6,616,454
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of its Covered Employee Payroll	553.45%	641.24%	790.80%	656.21%	584.43%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.23%	25.41%	26.49%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 201

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S CONTRIBUTIONS ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,870,668	\$ 2,441,097	\$ 3,759,083	\$ 2,869,934
Contributions in relation to the Contractually Required Contribution	(319,023)	(485,030)	(666,965)	(895,105)
Contribution Deficiency/(Excess)	<u>\$ 1,551,645</u>	<u>\$ 1,956,067</u>	<u>\$ 3,092,118</u>	<u>\$ 1,974,829</u>
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240
Contributions as a percentage of Covered Employee Payroll	5.08%	7.78%	10.54%	14.18%
				<u>\$ 2,254,224</u>
				<u>(1,172,052)</u>
				<u>\$ 1,082,172</u>
				<u>\$ 6,616,454</u>
				<u>17.71%</u>

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MENDHAM TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability:		
Service Cost	\$ 1,371,021	\$ 1,141,866
Interest Cost	932,769	1,085,666
Changes in Assumptions	(3,821,120)	(2,914,147)
Differences between Expected and Actual Experience		(2,772,223)
Member Contributions	25,168	23,469
Gross Benefit Payments	(683,489)	(679,040)
	(2,175,651)	(4,114,409)
Net Change in Total OPEB Liability		
Total OPEB Liability - Beginning	31,684,565	29,508,914
Total OPEB Liability - Ending	\$ 29,508,914	\$ 25,394,505
State's Covered Employee Payroll *	\$ 8,273,977	\$ 8,255,086
Total OPEB Liability as a Percentage of Covered Employee Payroll	357%	308%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 14,762,364		\$ 14,762,364	\$ 14,762,364	
Tuition	44,383		44,383	78,814	\$ 34,431
Transportation Fees from Other LEASs	820,000		820,000	951,006	131,006
Rents and Royalties	7,900		7,900	12,460	4,560
Interest Earned on Maintenance Reserve Funds	135		135	272	137
Interest Earned on Capital Reserve Funds	400		400	510	110
Miscellaneous	144,426		144,426	62,525	(81,901)
<b>Total - Local Sources</b>	<b>15,779,608</b>		<b>15,779,608</b>	<b>15,867,951</b>	<b>88,343</b>
State Sources:					
Categorical Transportation Aid	174,263		174,263	198,422	24,159
Categorical Special Education Aid	357,973		357,973	357,973	
Categorical Security Aid	13,957		13,957	13,957	
Extraordinary Aid				234,449	234,449
Nonpublic Transportation				26,468	26,468
On-Behalf TPAF Post Retirement Contributions				542,770	542,770
On-Behalf TPAF Pension Contributions				1,172,052	1,172,052
On-Behalf TPAF Non-Contributory Insurance				24,534	24,534
On-Behalf TPAF Long-Term Disability Insurance				1,214	1,214
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				480,380	480,380
<b>Total State Sources</b>	<b>546,193</b>		<b>546,193</b>	<b>3,052,219</b>	<b>2,506,026</b>
<b>TOTAL REVENUES</b>	<b>16,325,801</b>		<b>16,325,801</b>	<b>18,920,170</b>	<b>2,594,369</b>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 477,210	\$ (85,188)	\$ 392,022	\$ 267,745	\$ 124,277
Grades 1-5 - Salaries of Teachers	1,492,645	(76,700)	1,415,945	1,410,067	5,878
Grades 6-8 - Salaries of Teachers	2,270,653	(55,200)	2,215,453	2,175,817	39,636
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	(656)	4,344	923	3,421
Purchased Professional-Educational Services		656	656	656	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	173,049	(79,404)	93,645	51,078	42,567
Purchased Professional-Educational Services	124,650	(13,600)	111,050	111,012	38
Other Purchased Professional and Technical Services	122,817	40,360	163,177	160,202	2,975
Other Purchased Services (400-500 series)	348,220	24,302	372,522	337,860	34,662
General Supplies	16,491	(13,693)	2,798	792	2,006
Textbooks	3,500	4,293	7,793	7,792	1
Other Objects					
Total Regular Programs - Instruction	5,034,235	(159,326)	4,874,909	4,619,447	255,462
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	917,967	77,200	995,167	995,166	1
Other Salaries for Instruction		7,529	7,529	7,529	
General Supplies	800	(204)	596	596	
Total Resource Room/Resource Center	918,767	84,525	1,003,292	1,003,291	1

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Special Education:					
Preschool Disabilities - Full Time:					
Salaries of Teachers	\$ 92,220	\$ 50,010	\$ 142,230	\$ 142,230	
Other Salaries for Instruction	197,866	(138,010)	59,856	59,856	
Purchased Professional-Educational Services	9,950	178,640	178,640	178,638	\$ 2
General Supplies	500	(9,260)	690	688	2
Other Objects		(500)			
Total Preschool Disabilities - Part Time	300,536	80,880	381,416	381,412	4
Total Special Education - Instruction	1,219,303	165,405	1,384,708	1,384,703	5
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	182,640	10,700	193,340	193,340	
General Supplies	600	(215)	385	382	3
Total Basic Skills/Remedial - Instruction	183,240	10,485	193,725	193,722	3
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	107,580	3,723	111,303	111,041	262
Purchased Services (300-500 series)	2,000	12,937	14,937	14,937	
Supplies and Materials	2,410	1,005	3,415	2,771	644
Other Objects	2,753	(1,505)	1,248	691	557
Total School-Sponsored Cocurricular Activities - Instruction	114,743	16,160	130,903	129,440	1,463
School-Sponsored Athletics - Instruction:					
Salaries	70,143	(15,948)	54,195	52,601	1,594
Purchased Services (300-500 series)	10,735	(1,239)	9,496	9,363	133
Supplies and Materials	16,639	(4,660)	11,979	10,506	1,473
Other Objects	3,085		3,085	1,850	1,235
Total School-Sponsored Athletics - Instruction	100,602	(21,847)	78,755	74,320	4,435

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Summer School - Instruction:					
Purchased Professional and Technical Services		\$ 5,687	\$ 5,687	\$ 5,687	
Total Summer School - Instruction		5,687	5,687	5,687	
Current Expense:					
Total Instruction	\$ 6,652,123	16,564	6,668,687	6,407,319	\$ 261,368
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Handicapped - Within State	317,085		317,085	279,052	38,033
Total Undistributed Expenditures - Instruction	317,085		317,085	279,052	38,033
Health Services:					
Salaries	153,260	(9,129)	144,131	142,802	1,329
Other Purchased Professional and Technical Services	4,200	11,573	15,773	15,771	2
Other Purchased Services (400-500 series)	370	56	426	426	
Supplies and Materials	6,700	(2,625)	4,075	3,743	332
Total Health Services	164,530	(125)	164,405	162,742	1,663
Speech, OT, PT & Related Services:					
Salaries	133,045	(599)	132,446	132,445	1
Purchased Professional - Educational Services	148,498	(65,632)	82,866	82,865	1
Supplies and Materials	1,800	(609)	1,191	1,190	1
Total Speech, OT, PT & Related Services	283,343	(66,840)	216,503	216,500	3
Other Support Services - Students - Extraordinary Services:					
Salaries	341,844	(2,135)	339,709	338,259	1,450
Purchased Professional - Educational Services		92,154	92,154	92,103	51
Total Other Support Services - Students - Extraordinary Services	341,844	90,019	431,863	430,362	1,501

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Guidance:					
Salaries of Other Professional Staff	\$ 121,920	\$ 2,160	\$ 124,080	\$ 124,075	\$ 5
Purchased Professional - Educational Services	530		530	501	29
Supplies and Materials	5,119	(775)	4,344	4,277	67
<b>Total Guidance</b>	<b>127,569</b>	<b>1,385</b>	<b>128,954</b>	<b>128,853</b>	<b>101</b>
<b>Undistributed Expenditures:</b>					
Child Study Teams:					
Salaries of Other Professional Staff	323,180	(46,283)	276,897	247,173	29,724
Salaries of Secretarial and Clerical Assistants	57,343	1,200	58,543	57,343	1,200
Other Purchased Professional and Technical Services	7,250	(2,260)	4,990	4,990	0
Other Purchased Services (400-500 series other than resid costs)	2,500	(2,277)	223	187	36
Supplies and Materials	7,500	1,077	8,577	8,557	20
Other Objects	450	(77)	373	267	106
<b>Total Child Study Teams</b>	<b>398,223</b>	<b>(48,620)</b>	<b>349,603</b>	<b>313,527</b>	<b>36,076</b>
Improvement of Instruction Services:					
Salaries of Other Professional Staff	178,424	1,750	180,174	141,731	38,443
Supplies and Materials	3,450	(1,750)	1,700		1,700
<b>Total Improvement of Instruction Services</b>	<b>181,874</b>		<b>181,874</b>	<b>141,731</b>	<b>40,143</b>
Educational Media Services/School Library:					
Salaries	134,040	3,780	137,820	136,240	1,580
Other Purchased Professional and Technical Services	14,590	(4,480)	10,110	6,544	3,566
Supplies and Materials	6,687	1,500	8,187	7,981	206
<b>Total Educational Media Services/School Library</b>	<b>155,317</b>	<b>800</b>	<b>156,117</b>	<b>150,765</b>	<b>5,352</b>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 10,204	(800)	\$ 9,404	\$ 9,056	\$ 348
Total Instructional Staff Training Services	10,204	(800)	9,404	9,056	348
Support Services - General Administration:					
Salaries	260,478	\$ 12,896	273,374	273,373	1
Legal Services	10,000	2,563	12,563	12,562	1
Audit Fees	22,500	27,114	49,614	49,614	
Architectural/ Engineering Services	7,000	419	7,419	7,418	1
Other Purchased Professional Services	7,600	501	8,101	8,100	1
Communications/Telephone	31,500	(2,261)	29,239	29,238	1
BOE Other Purchased Services	3,000	(2,890)	110	110	
Miscellaneous Purchased Services (400-500)	14,400	17	14,417	14,417	
General Supplies	4,500	(1,649)	2,851	2,850	1
Miscellaneous Expenditures	8,300	(2,487)	5,813	5,812	1
BOE Membership Dues and Fees	5,000	3,077	8,077	8,076	1
Total Support Services - General Administration	374,278	37,300	411,578	411,570	8
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	316,539	11,802	328,341	328,341	
Salaries of Other Professional Staff	69,890	22,176	92,066	92,065	1
Salaries of Secretarial and Clerical Assistants	143,762	20,538	164,300	164,298	2
Other Purchased Professional and Technical Services	7,110	(627)	6,483	6,482	1



MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Supplies and Materials	\$ 7,325	\$ (2,337)	\$ 4,988	\$ 4,988	
Other Objects	2,440	(674)	1,766	1,765	\$ 1
Total Support Services - School Administration	547,066	50,878	597,944	597,939	5
Central Services:					
Salaries	182,214	23,890	206,104	206,103	1
Other Purchased Professional Services	29,350	(2,062)	27,288	27,288	
Miscellaneous Purchased Services (400-500 Series)	2,100	15	2,115	2,111	4
Supplies and Materials	5,950	(460)	5,490	5,490	
Miscellaneous Expenditures	2,130	215	2,345	2,345	
Total Central Services	221,744	21,598	243,342	243,337	5
Required Maintenance for School Facilities:					
Salaries	229,587	9,000	238,587	231,928	6,659
Cleaning, Repair and Maintenance Services	296,572	(47,000)	249,572	177,225	72,347
General Supplies	60,781	(10,000)	50,781	26,935	23,846
Total Required Maintenance for School Facilities	586,940	(48,000)	538,940	436,088	102,852
Custodial Services:					
Salaries	501,989	8,829	510,818	483,065	27,753
Salaries of Non-Instructional Aides	34,927	(34,927)			
Purchased Professional and Technical Services	15,300		15,300	7,000	8,300
Cleaning, Repair and Maintenance Services	38,550	18,000	56,550	53,445	3,105
Other Purchased Property Services	28,400		28,400	28,093	307

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Custodial Services:					
Insurance	\$ 167,325	\$ (22,000)	\$ 145,325	\$ 122,042	\$ 23,283
Miscellaneous Purchased Services	16,000		16,000	287	15,713
General Supplies	48,000	(1,500)	46,500	29,431	17,069
Energy (Natural Gas)	70,500	20,000	90,500	74,403	16,097
Energy (Electricity)	270,000	(38,000)	232,000	190,682	41,318
Energy (Gasoline)	7,000		7,000	2,795	4,205
Other Objects	2,000		2,000	1,145	855
Total Custodial Services	1,199,991	(49,598)	1,150,393	992,388	158,005
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	22,900	(753)	22,147	16,374	5,773
General Supplies	5,400		5,400	3,078	2,322
Total Care and Upkeep of Grounds	28,300	(753)	27,547	19,452	8,095
Security:					
Cleaning, Repair and Maintenance Services		1,553	1,553	1,516	37
General Supplies		1,500	1,500	1,305	195
Total Security		3,053	3,053	2,821	232

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	\$ 994,463	\$ (42,000)	\$ 952,463	\$ 950,273	\$ 2,190
Salaries (Between Home & School) - Special Education	140,746		140,746	135,954	4,792
Salaries (Other Than Between Home & School)	77,000	42,000	119,000	118,943	57
Salaries (Between Home & School) - Non Public School	9,000		9,000		9,000
Management Fee - ESCs & CTSA Transportation Program	2,500		2,500	999	1,501
Cleaning, Repair and Maintenance Services	272,000	51,000	323,000	322,522	478
Lease Purchase Payments - School Buses	186,550		186,550	186,239	311
Contracted Services:					
Other Than Between Home & School - Vendors	1,000		1,000	306	694
Regular Students - ESCs & CTSA	7,000	9,800	16,800	15,678	1,122
Special Education Students - ESC's & CTSA	56,200	38,750	94,950	94,948	2
Aid in Lieu of Payments - Non Public School	60,528		60,528	58,500	2,028
Miscellaneous Purchased Services - Transportation	19,400	(8,056)	11,344	11,344	
Transportation Supplies	172,400	(52,994)	119,406	102,760	16,646
Other Objects	4,200		4,200	1,445	2,755
Total Student Transportation Services	2,002,987	38,500	2,041,487	1,999,911	41,576
Unallocated Benefits:					
Social Security Contributions	332,476	(21,033)	311,443	299,389	12,054
Other Retirement Contributions - PERS	333,766		333,766	294,519	39,247
Unemployment Compensation	39,606	(38,500)	1,106		1,106
Workmen's Compensation	165,785		165,785	133,135	32,650
Health Benefits	2,519,956	(170,909)	2,349,047	2,271,770	77,277
Tuition Reimbursement	171,406	(17,113)	154,293	154,292	1
Other Employee Benefits	556,800	80,671	637,471	620,124	17,347
Total Unallocated Benefits	4,119,795	(166,884)	3,952,911	3,773,229	179,682

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Variance Final to Actual
<b>EXPENDITURES:</b>			
Current Expense:			
Undistributed Expenditures:			
Unallocated Benefits:			
TPAF Contributions:			
On-Behalf TPAF Post Retirement Contributions	\$ 542,770		\$ (542,770)
On-Behalf TPAF Pension Contributions	1,172,052		(1,172,052)
On-Behalf TPAF Non-Contributory Insurance	24,534		(24,534)
On-Behalf TPAF Long-Term Disability Insurance	1,214		(1,214)
Reimbursed TPAF Social Security Contributions	480,380		(480,380)
Total TPAF Contributions	2,220,950		(2,220,950)
Total Personal Services - Employee Benefits	\$ 4,119,795	\$ (166,884)	\$ 3,952,911
Total Undistributed Expenses	11,061,090	(138,087)	10,923,003
Total Expenditures - Current Expense	17,713,213	(121,523)	17,591,690
Capital Outlay:			
Equipment:			
Undistributed Expenditures:			
Instruction		18,375	18,375
Admin Info Technology	45,000	(42,180)	2,820
Required Maintenance for School Facilities	35,000	109,062	144,062
Security	170,000	37,208	207,208
Total Equipment	250,000	122,465	372,465

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service	\$ 61,715		\$ 61,715	\$ 61,715	
Total Facilities Acquisition and Construction Services	61,715		61,715	61,715	
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
School Administration				82,719	\$ (82,719)
Assets Acquired Under Capital Leases (Non-Budgeted)				82,719	(82,719)
Total Capital Outlay	311,715	\$ 122,465	434,180	516,899	(82,719)
Transfer of Fund to Charter Schools	16,848	(942)	15,906		15,906
TOTAL EXPENDITURES	18,041,776		18,041,776	19,454,491	(1,412,715)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,715,975)		(1,715,975)	(534,321)	1,181,654
Other Financing Sources:					
Transfer In:					
Enrichment Program				153	153
Capital Leases (Non-Budgeted)				82,719	82,719
Total Other Financing Sources				82,872	82,872
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,715,975)		(1,715,975)	(451,449)	1,264,526

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 3,283,635		\$ 3,283,635	\$ 3,283,635	
Fund Balance, June 30	\$ 1,567,660	\$ - 0 -	\$ 1,567,660	\$ 2,832,186	\$ 1,264,526

Recapitulation:

Restricted:

Capital Reserve	\$ 285,813
Maintenance Reserve	136,329
Excess Surplus	900,000
Excess Surplus - Subsequent Year's Expenditures	906,111
Unassigned	603,933
	<u>2,832,186</u>

Reconciliation to Governmental Funds Statement (GAAP):

Last Two State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

\$ 2,781,323

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 1,700		\$ 1,700	\$ 828	\$ (872)
Federal Sources	145,828	\$ 149,594	295,422	295,422	
<b>Total Revenues</b>	<b>147,528</b>	<b>149,594</b>	<b>297,122</b>	<b>296,250</b>	<b>(872)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Purchased Professional and Technical Services	6,972	26,875	33,847	33,847	
Other Purchased Professional Services	116,909	20,378	137,287	137,287	
General Supplies		95,515	95,515	95,515	
<b>Total Instruction</b>	<b>123,881</b>	<b>142,768</b>	<b>266,649</b>	<b>266,649</b>	
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services	21,947	6,826	28,773	28,773	
Supplies and Materials	1,700		1,700	828	872
<b>Total Support Services</b>	<b>23,647</b>	<b>6,826</b>	<b>30,473</b>	<b>29,601</b>	<b>872</b>
<b>Total Expenditures</b>	<b>\$ 147,528</b>	<b>\$ 149,594</b>	<b>\$ 297,122</b>	<b>\$ 296,250</b>	<b>\$ 872</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

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	\$ 18,920,170	\$ 296,250
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	41,048	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(50,863)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 18,910,355	\$ 296,250
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,454,491	\$ 296,250
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,454,491	\$ 296,250

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and are approved by a vote of the Board of Education. 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)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.



SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				IDEA Part B		Local Grants	Totals
	Title I	Title II, Part A	Title IV	Basic	Preschool	Grants		
<b>REVENUE:</b>								
Local Sources	\$ 105,515	\$ 18,773	\$ 15,000	\$ 147,287	\$ 8,847	\$ 828	\$ 828	\$ 828
Federal Sources								295,422
<b>Total Revenue</b>	<b>105,515</b>	<b>18,773</b>	<b>15,000</b>	<b>147,287</b>	<b>8,847</b>	<b>828</b>	<b>828</b>	<b>296,250</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers								33,847
Purchased Professional and Technical Services	25,000				8,847			137,287
Other Purchased Professional Services				137,287				
General Supplies	80,515		5,000	10,000				95,515
<b>Total Instruction</b>	<b>105,515</b>		<b>5,000</b>	<b>147,287</b>	<b>8,847</b>			<b>266,649</b>
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional and Technical Services		18,773	10,000					28,773
Purchased Property Services								
Supplies and Materials						828	828	828
<b>Total Support Services</b>		<b>18,773</b>	<b>10,000</b>				<b>828</b>	<b>29,601</b>
<b>Total Expenditures</b>	<b>\$ 105,515</b>	<b>\$ 18,773</b>	<b>\$ 15,000</b>	<b>\$ 147,287</b>	<b>\$ 8,847</b>	<b>\$ 828</b>	<b>\$ 828</b>	<b>\$ 296,250</b>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Major Funds		Non-Major Funds			Enterprise Funds Total
	Preschool Program	2 Year Old Program	Enrichment Program	Middle School Play	Food Service	
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 537,483	\$ 161,988	\$ 77,038	\$ 5,671	\$ 51,279	\$ 833,459
Student Accounts Receivable	4,136	580			3,277	4,716
Interfund Accounts Receivable					5,867	3,277
Inventories						5,867
<b>Total Current Assets</b>	<b>541,619</b>	<b>162,568</b>	<b>77,038</b>	<b>5,671</b>	<b>60,423</b>	<b>847,319</b>
<b>Non-Current Assets:</b>						
Capital Assets	43,869				73,579	117,448
Less: Accumulated Depreciation	(14,532)				(37,344)	(51,876)
<b>Total Non-Current Assets</b>	<b>29,337</b>				<b>36,235</b>	<b>65,572</b>
<b>Total Assets</b>	<b>570,956</b>	<b>162,568</b>	<b>77,038</b>	<b>5,671</b>	<b>96,658</b>	<b>912,891</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Unearned Revenue - Prepaid Meals					6,785	6,785
Interfund Accounts Payable	505,284	167,117	77,038			749,439
Unearned Revenue - Program Fees	30,650					30,650
<b>Total Current Liabilities</b>	<b>535,934</b>	<b>167,117</b>	<b>77,038</b>		<b>6,785</b>	<b>786,874</b>
<b>NET POSITION:</b>						
Investment in Capital Assets	29,337				36,235	65,572
Unrestricted (Deficit)	5,685	(4,549)		5,671	53,638	60,445
<b>Total Net Position/(Deficit)</b>	<b>\$ 35,022</b>	<b>\$ (4,549)</b>	<b>\$ - 0 -</b>	<b>\$ 5,671</b>	<b>\$ 89,873</b>	<b>\$ 126,017</b>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Funds		Non-Major Funds		Enterprise Funds Total
	Preschool Program	2 Year Old Program	Enrichment Program	Middle School Play	
Operating Revenue:					
Local Sources:					
Daily Sales - Non-Reimbursable Meals					\$ 318,315
Charges for Services:					
Program Fees	\$ 338,872	\$ 91,004		\$ 50,723	480,599
Total Operating Revenue	338,872	91,004		50,723	798,914
Operating Expenses:					
Cost of Sales - Non-Reimbursable Programs					153,054
Salaries, Benefits & Payroll Taxes		95,613			208,577
Supplies, Insurance & Other Costs					30,301
Management Fee	334,430			47,526	18,049
Miscellaneous	2,193				381,956
Depreciation Expense					7,473
Total Operating Expenses	336,623	95,613		47,526	799,410
Operating Income/(Loss)	2,249	(4,609)		3,197	(496)
Non-Operating Revenue:					
Local Sources:					
Interest Income	1,242	60	\$ 153		181
Total Non-Operating Revenue	1,242	60	153	12	181
Change in Net Position Before Other Items	3,491	(4,549)	153	3,209	(1,152)
Other Items:					
Transfer - General Fund			(153)		(153)
Total Other Items			(153)		(153)
Change in Net Position After Other Items	3,491	(4,549)		3,209	(1,152)
Net Position/(Deficit) - Beginning of Year (Restated)	31,531			2,462	91,025
Net Position/(Deficit) - End of Year	\$ 35,022	\$ (4,549)	\$ - 0 -	\$ 5,671	\$ 89,873
					\$ 126,017

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Funds		Non-Major Funds		Enterprise Funds Total
	Preschool Program	2 Year Old Program	Enrichment Program	Middle School Play	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 349,072	\$ 86,782		\$ 50,723	\$ 322,492
Payments for Programs	(334,430)	(95,613)		(47,526)	(341,380)
Payments to Food Service Vendor					
Net Cash Provided by/(Used for) Operating Activities	14,642	(8,831)		3,197	(18,888)
Cash Flows from Investing Activities:					
Local Sources:					
Interest Income	1,242	60	\$ 153	12	181
Net Cash Provided by Investing Activities	1,242	60	153	12	1,648
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets					(3,282)
Net Cash Used for Capital and Related Financing Activities					(3,282)
Net Increase/(Decrease) in Cash and Cash Equivalents	15,884	(8,771)	153	3,209	(21,989)
Cash and Cash Equivalents, July 1	521,599	170,759	76,885	2,462	73,268
Cash and Cash Equivalents, June 30	\$ 537,483	\$ 161,988	\$ 77,038	\$ 5,671	\$ 51,279
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used) for Operating Activities:					
Operating Income/(Loss)	\$ 2,249	\$ (4,609)		\$ 3,197	\$ (1,333)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:					
Depreciation	2,193				5,280
Changes in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivable	(2,732)	2,628			(104)
(Increase)/Decrease in Inventory					(758)
Increase/(Decrease) in Unearned Revenue	12,932	(6,850)			4,177
Increase/(Decrease) in Accounts Payable					(26,254)
Net Cash Provided by/(Used for) Operating Activities	\$ 14,642	\$ (8,831)	\$ -0-	\$ 3,197	\$ (18,888)



FIDUCIARY FUNDS

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 72,624	\$ 518,085	\$ 590,709	\$ 91,899	\$ 2,872
Total Assets	72,624	518,085	590,709	91,899	2,872
<b>LIABILITIES:</b>					
Due to Student Groups	#REF!		#REF!		
Accrued Payroll - Summer Savings		434,520	434,520		
Payroll Deductions and Withholdings		83,565	83,565		
Total Liabilities	#REF!	518,085	#REF!		
<b>NET POSITION:</b>					
Held in Trust for:					
Unemployment Claims				91,899	
Flexible Spending Claims					2,872
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 91,899	\$ 2,872

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 29,318	\$ 5,900	\$ 35,218
Total Contributions	29,318	5,900	35,218
Investment Earnings:			
Interest		4	4
Net Investment Earnings		4	4
Total Additions	29,318	5,904	35,222
Deductions:			
Unemployment Compensation Claims	40,205		40,205
Flexible Spending Claims		5,726	5,726
Total Deductions	40,205	5,726	45,931
Change in Net Position	(10,887)	178	(10,709)
Net Position - Beginning of the Year	102,786	2,694	105,480
Net Position - End of the Year	\$ 91,899	\$ 2,872	\$ 94,771

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 80,754	\$ 180,418	\$ 188,548	\$ 72,624
Total Assets	<u>\$ 80,754</u>	<u>\$ 180,418</u>	<u>\$ 188,548</u>	<u>\$ 72,624</u>
 <b>LIABILITIES</b>				
Due to Student Groups	\$ 80,754	\$ 180,418	\$ 188,548	\$ 72,624
Total Liabilities	<u>\$ 80,754</u>	<u>\$ 180,418</u>	<u>\$ 188,548</u>	<u>\$ 72,624</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary School				
Student Activities	\$ 17,317	\$ 28,862	\$ 30,960	\$ 15,219
Middle School				
Athletic Fund	4,450	5,083	6,273	3,260
Student Activities	<u>58,987</u>	<u>146,473</u>	<u>151,315</u>	<u>54,145</u>
Total All Schools	<u>\$ 80,754</u>	<u>\$ 180,418</u>	<u>\$ 188,548</u>	<u>\$ 72,624</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 536,058	\$ 15,604,621	\$ 15,622,594	\$ 518,085
Total Assets	<u>\$ 536,058</u>	<u>\$ 15,604,621</u>	<u>\$ 15,622,594</u>	<u>\$ 518,085</u>
 <u>LIABILITIES:</u>				
Accrued Payroll - Summer Savings	\$ 446,644	\$ 441,593	\$ 453,717	\$ 434,520
Payroll Deductions and Withholdings	<u>89,414</u>	<u>15,163,028</u>	<u>15,168,877</u>	<u>83,565</u>
Total Liabilities	<u>\$ 536,058</u>	<u>\$ 15,604,621</u>	<u>\$ 15,622,594</u>	<u>\$ 518,085</u>

LONG-TERM DEBT

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS

Maturities of Bonds  
Outstanding

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
Refunding School Bonds	02/25/10	\$ 3,120,000	12/01/19	\$ 335,000	5.0%	\$ 1,325,000	\$ 335,000	\$ 990,000
			12/01/20	335,000	5.0%			
			12/01/21	320,000	5.0%			
Refunding School Bonds	11/09/11	6,555,000	04/01/20	725,000	4.0%	3,550,000	655,000	2,895,000
			04/01/21	725,000	4.0%			
			04/01/22	725,000	4.0%			
			04/01/23	720,000	4.0%			
						\$ 4,875,000	\$ 990,000	\$ 3,885,000



MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Original Issue	Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
2014 HP Laserjet Printers (30), Epson Scanner (1) and Ford F-3650 Truck	\$ 229,000	1.50%	\$ 46,475		\$ 46,475	
2015 BlueBird 54 Passenger Bus	91,890	2.32%	18,803		18,803	
2016 BlueBird 54 Passenger Buses (2)	199,110	2.19%	80,616		39,871	\$ 40,745
2017 BlueBird 54 Passenger Buses (2)	200,000	2.25%	120,185		39,174	81,011
2017 Savon - 9003 SP Copier (1)	32,745	2.35%	23,505		7,162	16,343
2018 BlueBird 54 Passenger Bus (2)	198,491	2.50%	157,233		37,865	119,368
2018 Savin Copier C3504	13,080	Not Available	9,904		2,049	7,855
Savin 7503 Digital Copiers w/Accessories and Savin 4055 Digital Copier w/Accessories	82,719	Not Available		\$ 82,719	15,055	67,664
			\$ 456,721	\$ 82,719	\$ 206,454	\$ 332,986

MENDHAM TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,189,038		\$ 1,189,038	\$ 1,189,038	
Total Revenues	1,189,038		1,189,038	1,189,038	
EXPENDITURES:					
Regular Debt Service:					
Interest	199,038		199,038	199,038	
Redemption of Principal	990,000		990,000	990,000	
Total Regular Debt Service	1,189,038		1,189,038	1,189,038	
Total Expenditures	1,189,038		1,189,038	1,189,038	
Excess of Revenues Over Expenditures	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, July 1	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, June 30	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

**Exhibit**

**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.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**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.

J-10 thru J-13

**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 and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

June 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>									<b>Restated</b>	
Net Investment in Capital Assets	\$ 9,990,410	\$ 10,543,919	\$ 11,012,882	\$ 11,587,642	\$ 11,678,389	\$ 12,026,347	\$ 12,714,846	\$ 13,002,974	\$ 11,393,587	\$ 12,166,320
Restricted	612,132	724,909	1,371,268	1,732,625	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253
Unrestricted/(Deficit)	161,462	304,000	398,656	(72,086)	(95,288)	(4,921,355)	(5,876,520)	(5,810,621)	(6,089,767)	(6,129,919)
<b>Total Governmental Activities</b>	<b>\$ 10,764,004</b>	<b>\$ 11,572,828</b>	<b>\$ 12,782,806</b>	<b>\$ 13,248,181</b>	<b>\$ 13,552,328</b>	<b>\$ 8,285,924</b>	<b>\$ 9,268,116</b>	<b>\$ 10,473,724</b>	<b>\$ 8,083,383</b>	<b>\$ 8,264,654</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 28,054	\$ 23,286	\$ 18,519	\$ 56,811	\$ 49,625	\$ 42,440	\$ 39,987	\$ 43,094	\$ 69,763	\$ 65,572
Unrestricted/(Deficit)	55,524	93,836	70,416	179,494	332,252	562,790	830,557	(143,118)	55,255	60,445
<b>Total Business-Type Activities</b>	<b>\$ 83,578</b>	<b>\$ 117,122</b>	<b>\$ 88,935</b>	<b>\$ 236,305</b>	<b>\$ 381,877</b>	<b>\$ 605,230</b>	<b>\$ 870,544</b>	<b>\$ (100,024)</b>	<b>\$ 125,018</b>	<b>\$ 126,017</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 10,018,464	\$ 10,567,205	\$ 11,031,401	\$ 11,644,453	\$ 11,728,014	\$ 12,068,787	\$ 12,754,833	\$ 13,046,068	\$ 11,463,350	\$ 12,231,892
Restricted	612,132	724,909	1,371,268	1,732,625	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253
Unrestricted/(Deficit)	216,986	397,836	469,072	107,408	236,964	(4,358,565)	(5,045,963)	(5,953,739)	(6,034,512)	(6,069,474)
<b>Total District Net Position</b>	<b>\$ 10,847,582</b>	<b>\$ 11,689,950</b>	<b>\$ 12,871,741</b>	<b>\$ 13,484,486</b>	<b>\$ 13,934,205</b>	<b>\$ 8,891,154</b>	<b>\$ 10,138,660</b>	<b>\$ 10,373,700</b>	<b>\$ 8,208,401</b>	<b>\$ 8,390,671</b>

Source: Mendham Township School District Financial records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

UNAUDITED  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ 6,127,602	\$ 5,936,004	\$ 5,979,747	\$ 6,791,162	\$ 6,155,762	\$ 6,104,125	\$ 6,313,306	\$ 6,658,674	\$ 8,986,250	\$ 8,307,563
Special Education	1,810,047	1,933,287	1,487,622	1,455,221	1,290,977	1,364,647	1,492,497	1,594,096	2,777,430	2,633,503
Other Special Education	277,347	297,863	306,196	322,215	334,233	349,116	362,199	387,201	686,536	532,454
Other Instruction	261,975	213,797	240,961	270,066	262,969	280,353	330,098	297,251	95,963	203,760
School - Sponsored Instruction										
Support Services:										
Tuition	322,001	466,311	453,251	370,629	269,623	484,355	627,038	239,943	199,346	279,052
Student and Instruction Related Services	2,080,056	1,784,887	1,901,612	1,699,698	1,928,462	2,028,083	1,946,654	1,993,151	2,993,835	2,859,598
General Administrative Services	564,800	573,421	655,408	532,902	611,498	713,418	634,217	668,166	708,975	653,455
School Administrative Services	669,829	612,648	620,929	830,016	958,830	818,574	787,022	835,610	1,144,566	1,077,501
Central Services	303,964	292,159	308,327	288,167	301,603	304,689	293,257	278,549	433,729	434,052
Plant Operations and Maintenance	1,876,534	1,943,369	2,129,583	2,080,172	2,311,829	2,283,844	2,430,491	2,583,776	2,267,846	2,385,403
Pupil Transportation	2,339,504	2,230,068	2,278,548	2,343,243	2,396,188	2,696,545	2,641,080	2,619,195	2,256,004	2,365,703
Unallocated Employee Benefits		8,612	30,176	165,357	(1,634)	111,689	(44,112)	667,857	5,027	6,214
Unallocated Depreciation	335,953							50,360	20,954	
Charter Schools									314,714	61,715
Capital Outlay									244,899	191,521
Interest on Long-Term Debt	692,111	448,985	374,576	389,327	364,000	333,386	302,485	270,936	23,136,074	21,991,494
Total Governmental Activities Expenses	17,661,723	16,741,411	16,766,936	17,538,175	17,184,340	17,872,824	18,116,232	19,144,765	23,136,074	21,991,494
Business-Type Activities:										
Food Service	282,406	289,687	272,142	281,016	301,289	375,445	292,935	280,416	316,065	319,648
Enrichment Program	54,206	38,976	61,462	39,178	55,762	98,249	32,517	24,908	26,235	336,623
Preschool Program				31,736	147,215	204,221	38,636	2,964	104,165	95,613
2 Year Old Program									85,311	47,526
Middle School Play									26,178	
Total Business-Type Activities Expense	336,612	328,663	333,604	351,930	504,266	677,915	364,088	308,288	557,954	799,410
Total District Expenses	\$ 17,998,335	\$ 17,070,074	\$ 17,100,540	\$ 17,890,105	\$ 17,688,606	\$ 18,550,739	\$ 18,480,320	\$ 19,453,053	\$ 23,694,028	\$ 22,790,904
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Tuition										
Plant Operations and Maintenance	\$ 798,722	\$ 665,327	\$ 708,242	\$ 689,515	\$ 791,006	\$ 791,999	\$ 740,743	\$ 809,489	\$ 810,909	\$ 951,006
Pupil transportation	1,270,120	1,149,748	1,307,965	1,611,808	1,386,134	1,527,454	1,789,617	1,863,123	6,207,991	5,099,924
Operating Grants and Contributions	2,068,842	1,815,075	2,016,207	2,301,323	2,177,140	2,319,453	2,605,503	2,730,866	7,067,507	6,129,744
Total Governmental Activities Program Revenues										

MENDHAM TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	\$ 270,759	\$ 273,753	\$ 258,523	\$ 276,602	\$ 267,096	\$ 285,249	\$ 299,975	\$ 298,406	\$ 319,700	\$ 318,315
Enrichment Program	55,880	56,858	42,311	50,521	69,234	81,077	71,707	139,185	153	338,872
Preschool Program				157,848	147,925	168,615	217,560	217,719	298,776	91,004
2 Year Old Program									91,277	50,723
Middle School Play									20,759	
Operating grants and contributions	3,956	4,652	4,343	4,132	4,694	5,486	3,734	3,729	3,546	
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 330,595</b>	<b>\$ 335,263</b>	<b>\$ 305,177</b>	<b>\$ 489,103</b>	<b>\$ 488,949</b>	<b>\$ 540,427</b>	<b>\$ 592,976</b>	<b>\$ 659,039</b>	<b>\$ 734,211</b>	<b>\$ 798,914</b>
<b>Total District Program Revenues</b>	<b>\$ 2,399,437</b>	<b>\$ 2,150,338</b>	<b>\$ 2,321,384</b>	<b>\$ 2,790,426</b>	<b>\$ 2,666,089</b>	<b>\$ 2,859,880</b>	<b>\$ 3,198,479</b>	<b>\$ 3,389,905</b>	<b>\$ 7,801,718</b>	<b>\$ 6,928,658</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (15,592,881)	\$ (14,926,336)	\$ (14,750,729)	\$ (15,236,852)	\$ (15,007,200)	\$ (15,553,371)	\$ (15,510,729)	\$ (16,413,899)	\$ (16,068,567)	\$ (15,861,750)
Business-Type Activities	(6,017)	6,600	(28,427)	137,173	(15,317)	(137,488)	228,888	350,751	176,257	(496)
<b>Total District-Wide Net Expense</b>	<b>\$ (15,598,898)</b>	<b>\$ (14,919,736)</b>	<b>\$ (14,779,156)</b>	<b>\$ (15,099,679)</b>	<b>\$ (15,022,517)</b>	<b>\$ (15,690,859)</b>	<b>\$ (15,281,841)</b>	<b>\$ (16,063,148)</b>	<b>\$ (15,892,310)</b>	<b>\$ (15,862,246)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,428,151	\$ 13,895,226	\$ 13,895,226	\$ 13,895,226	\$ 13,895,226	\$ 14,132,426	\$ 14,382,115	\$ 14,367,805	\$ 14,645,103	\$ 14,762,364
Taxes Levied for Debt Service	1,203,991	1,194,260	1,149,255	1,209,613	1,174,250	1,215,438	1,178,925	1,180,538	1,205,525	1,189,038
Unrestricted Grants and Contributions	687,855	229,266	476,517	418,969	561,737	577,283	590,109	581,687	34,804	15,699
Tuition Received		4,168	7,293	770						
Rental of Facilities		2,300	2,300	2,300						
Investment Earnings	25,272	7,453	5,551	3,390	1,503	1,498	2,369	6,685		
Refund from Issuance of Bonds	12,761		16,789							
Miscellaneous Income	48,242	56,807	114,613	46,456	12,051	735	122,188		21,639	75,767
Capital Lease Payments	114,316	141,931	156,099	122,950	112,846	145,736	176,221	181,704		
Fixed Assets	(100,610)	203,749	(80,935)	12,572	(285,583)	(311,108)	194,802	(139,811)		
Compensated Absences	433,993									
Transfers							274,723	581,181		153
Income from Debt Refunding	231,391									
Retirement of Long Term Debt			217,999							
GASB #68 Pension Plan Adjustment										
<b>Total Governmental Activities</b>	<b>\$ 16,085,362</b>	<b>\$ 15,735,160</b>	<b>\$ 15,960,707</b>	<b>\$ 15,712,246</b>	<b>\$ 15,472,030</b>	<b>\$ 10,547,452</b>	<b>\$ 16,921,452</b>	<b>\$ 16,759,789</b>	<b>\$ 15,907,071</b>	<b>\$ 16,043,021</b>
<b>Business-Type Activities:</b>										
Investment earnings	463	310	240	178	206	356	904	1,294		
Fixed Assets	(4,095)	26,633								
Transfers							(274,723)	(581,181)		(153)
Miscellaneous Income									965	1,648
Other Items									19,698	
<b>Total Business-Type Activities</b>	<b>\$ (3,632)</b>	<b>\$ 26,943</b>	<b>\$ 240</b>	<b>\$ 178</b>	<b>\$ 206</b>	<b>\$ 356</b>	<b>\$ (273,819)</b>	<b>\$ (579,887)</b>	<b>\$ 20,663</b>	<b>\$ 1,495</b>
<b>Total District-Wide</b>	<b>\$ 16,081,730</b>	<b>\$ 15,762,103</b>	<b>\$ 15,960,947</b>	<b>\$ 15,712,424</b>	<b>\$ 15,472,236</b>	<b>\$ 10,547,808</b>	<b>\$ 16,647,633</b>	<b>\$ 16,179,902</b>	<b>\$ 15,927,734</b>	<b>\$ 16,044,516</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 492,481	\$ 808,824	\$ 1,209,978	\$ 475,394	\$ 464,830	\$ (5,005,919)	\$ 1,410,723	\$ 345,890	\$ (161,496)	\$ 181,271
Business-Type Activities	(9,649)	33,543	(28,187)	137,351	(15,111)	(137,132)	(44,931)	(229,136)	196,920	999
<b>Total District</b>	<b>\$ 482,832</b>	<b>\$ 842,367</b>	<b>\$ 1,181,791</b>	<b>\$ 612,745</b>	<b>\$ 449,719</b>	<b>\$ (5,143,051)</b>	<b>\$ 1,365,792</b>	<b>\$ 116,754</b>	<b>\$ 35,424</b>	<b>\$ 182,270</b>

Source: Mendham Township School District Financial records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENT FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/Restricted	\$ 642,204	\$ 707,771	\$ 1,328,706	\$ 1,690,063	\$ 1,926,665	\$ 1,746,656	\$ 2,387,228	\$ 3,281,371	\$ 2,779,563	\$ 2,228,253
Committed		68,112	168,661							
Assigned				17,409	7,412	142,543	164,853	48,256	7,179	
Unreserved/Unassigned	320,355	443,221	431,374	278,090	418,684	428,878	437,668	421,139	455,845	553,070
<b>Total General Fund</b>	<b>\$ 962,559</b>	<b>\$ 1,219,104</b>	<b>\$ 1,928,741</b>	<b>\$ 1,985,562</b>	<b>\$ 2,352,761</b>	<b>\$ 2,318,077</b>	<b>\$ 2,989,749</b>	<b>\$ 3,750,766</b>	<b>\$ 3,242,587</b>	<b>\$ 2,781,323</b>
All Other Governmental Funds										
Restricted, Reported in:										
Debt Service Fund	\$ 18,133	\$ 17,138	\$ 42,562	\$ 42,562	\$ 42,562	\$ 42,562	\$ 42,562	\$ 42,562	\$ - 0 -	\$ - 0 -
<b>Total All Other Governmental Funds</b>	<b>\$ 18,133</b>	<b>\$ 17,138</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

Source: Mendham Township School District Financial records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS,  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Tax Levy	\$ 14,632,142	\$ 15,089,486	\$ 15,044,481	\$ 15,104,839	\$ 15,069,476	\$ 15,347,864	\$ 15,561,040	\$ 15,548,343	\$ 15,850,628	\$ 15,951,402
Tuition Charges		4,168	7,293	770	27,675	46,785	63,384	45,525	48,607	78,814
Transportation Fees from other LEAs	798,722	665,327	708,242	689,515	763,331	726,985	740,743	809,489	810,909	951,006
Interest Earnings	2,632	659	365	369	25	1,214	2,369	6,685	12,336	6,163
Miscellaneous	71,377	65,911	127,419	53,577	13,529	23,380	103,958	2,623	167	57,972
Rental Income							29,988	12,729	11,429	12,460
State Sources	1,598,509	1,165,177	1,558,099	1,844,941	1,767,587	1,927,834	2,164,558	2,297,776	2,666,120	3,042,404
Federal Sources	358,971	213,827	221,063	184,036	180,284	172,771	215,168	144,411	282,360	295,422
<b>Total Revenue</b>	<b>17,462,353</b>	<b>17,204,555</b>	<b>17,666,962</b>	<b>17,878,047</b>	<b>17,821,907</b>	<b>18,246,833</b>	<b>18,881,208</b>	<b>18,867,581</b>	<b>19,682,556</b>	<b>20,395,643</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	4,687,776	4,437,131	4,468,943	4,935,823	4,646,348	4,666,396	4,599,211	4,726,763	4,701,133	4,759,563
Special Education Instruction	1,469,607	1,508,645	1,106,013	1,054,901	946,119	990,755	1,080,940	1,128,803	1,440,402	1,540,837
Other Special Instruction	214,022	223,477	226,248	232,353	243,716	252,241	261,906	274,200		
Other Instruction	201,329	161,488	179,162	195,786	192,737	203,555	239,089	210,501	301,073	199,409
<b>School-Sponsored</b>										
Support Services:									95,963	203,760
Tuition	248,481	352,220	337,006	268,690	197,614	351,675	454,162	169,918	199,346	279,052
Student and Instruction Related Services	1,612,335	1,350,289	1,420,204	1,237,174	1,418,064	1,480,517	1,406,785	1,409,638	1,543,113	1,553,536
General Administrative Services	434,222	427,754	482,255	381,969	442,729	501,575	432,695	449,973	420,729	411,570
School Administrative Services	515,703	461,639	460,729	600,941	701,959	593,554	569,254	590,978	599,137	597,939
Central Services	234,562	220,677	229,251	208,909	221,053	221,225	212,405	197,257	229,223	243,337
Plant Operations and Maintenance	1,308,485	1,075,483	1,192,280	1,158,448	1,337,980	1,300,093	1,397,712	1,465,446	1,479,374	1,450,749
Pupil Transportation	1,691,479	1,551,820	1,577,663	1,596,388	1,652,743	1,848,684	1,794,880	1,731,701	1,907,814	1,999,911
Unallocated Benefits	3,627,036	3,745,582	3,967,425	4,433,402	4,307,402	4,529,477	4,655,914	5,045,824	5,667,319	5,994,179



MENDHAM TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS,  
LAST TEN FISCAL YEARS

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenditures: (Cont'd)										
Capital Outlay	\$ 44,361	\$ 98,361	\$ 39,987	\$ 130,544	\$ 14,176	\$ 9,771	\$ 31,194	\$ 22,512	\$ 589,321	\$ 516,899
Charter Schools									20,954	
Debt Service:	1,210,609	1,195,255	1,140,620	1,209,613	1,220,913	1,215,438	1,178,925	1,223,100	965,000	990,000
Principal									240,525	199,038
Interest and Other Charges									20,400,426	20,939,779
Total Expenditures	17,500,007	16,809,821	16,827,786	17,644,941	17,543,553	18,164,956	18,315,072	18,646,614	20,400,426	20,939,779
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(37,654)	394,734	839,176	233,106	278,354	81,877	566,136	220,967	(717,870)	(544,136)
Other Financing Sources (Uses)										
Transfers in			170,702			233,355	274,723	581,181		153
Transfers out						(5,558)		(35,663)		
Capital Leases (Non-Budgeted)	132,258	45,409	186,515	273,217	228,440	199,110	199,110	232,745	209,691	82,719
Refund from Issuance of Bonds	12,761		16,789							
Total Other Financing Sources (Uses)	145,019	45,409	203,304	443,919	443,919	456,237	473,833	778,263	209,691	82,872
Net Change in Fund Balances	\$ 107,365	\$ 440,143	\$ 1,042,480	\$ 233,106	\$ 722,273	\$ 538,114	\$ 1,039,969	\$ 999,230	\$ (508,179)	\$ (461,264)
Debt Service as a Percentage of	6.94 %	7.15 %	6.79 %	6.91 %	6.96 %	6.69 %	6.45 %	6.57 %	6.09 %	5.82 %
Noncapital Expenditures										

Source: Mendham Township School District Financial records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2010	\$ 25,272		\$ 846,964	\$ 872,236
2011	7,453	\$ 4,168	724,434	736,055
2012	5,551	7,293	825,155	837,999
2013	3,390	770	738,271	742,431
2014	1,503	27,675	775,382	804,560
2015	1,498	46,785	750,081	798,364
2016	2,369	63,384	872,367	938,120
2017	6,685	45,525	822,218	874,428
2018	12,336	48,607	820,212	881,155
2019	6,163	78,814	1,020,610	1,105,587

Source: Mendham Township School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	\$ 32,885,700	\$ 2,022,308,350	\$ 98,073,700	\$ 1,437,300	\$ 12,078,500	\$ 3,000	\$ -	\$ 2,166,786,550	\$ 3,243,248	\$ 2,170,029,798	\$ 144,592,400	\$ 0.40	\$ 2,246,088,845
2010	* 27,782,700	* 1,760,137,200	* 87,577,600	* 581,600	* 10,890,700	* 2,100	* -	* 1,886,971,900	* 2,964,543	* 1,889,936,443	* 152,814,200	* 0.47	* 2,229,872,993
2011	28,338,400	1,751,185,500	98,208,100	594,200	10,150,000	2,100	-	1,888,478,300	1,446,047	1,889,924,347	152,824,000	0.48	2,083,317,102
2012	26,460,500	1,746,400,700	105,180,500	607,200	10,162,400	2,100	-	1,888,813,400	1,446,047	1,890,259,447	152,447,200	0.50	2,010,591,255
2013	26,692,700	1,743,151,500	104,058,700	622,500	10,162,400	2,100	-	1,884,689,900	1,537,902	1,886,227,802	152,592,200	0.52	1,951,547,561
2014	23,995,000	1,733,473,800	109,314,900	617,800	10,162,400	2,100	-	1,877,566,000	1,239,350	1,878,805,350	152,605,300	0.52	1,895,672,519
2015	22,888,000	1,729,916,200	111,919,200	624,700	10,162,400	2,100	-	1,875,512,600	1,226,793	1,876,739,393	152,605,300	0.55	1,963,385,307
2016	23,331,400	1,726,534,100	112,663,100	624,700	10,162,400	2,100	-	1,873,317,800	1,240,960	1,874,558,760	152,605,300	0.55	1,942,042,113
2017	21,865,300	1,726,778,500	115,993,000	606,300	10,039,000	2,100	-	1,875,284,200	1,244,391	1,876,528,591	152,589,500	0.55	1,959,468,151
2018	21,643,900	1,719,760,500	122,730,600	520,300	10,123,500	2,100	-	1,874,780,900	1,250,037	1,876,030,937	152,607,500	0.52	1,938,936,548

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

\* Revaluation of Real Property.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax Rates are per \$100 of Assessed Value.

Source: Municipal Tax Assessor

MENDHAM TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Mendham Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional High School	Township of Mendham	Morris County	
2009	0.38	0.02	0.40	0.30	0.69	0.23	1.62
2010	* 0.44 *	0.03 *	0.47 *	0.36 *	0.79 *	0.27 *	1.89
2011	0.45	0.03	0.48	0.36	0.80	0.26	1.90
2012	0.47	0.03	0.50	0.36	0.80	0.26	1.92
2013	0.49	0.03	0.52	0.36	0.80	0.26	1.94
2014	0.49	0.03	0.52	0.38	0.82	0.26	1.98
2015	0.52	0.03	0.55	0.39	0.83	0.26	2.03
2016	0.52	0.03	0.55	0.42	0.83	0.27	2.07
2017	0.52	0.03	0.55	0.44	0.81	0.27	2.07
2018	0.48	0.04	0.52	0.44	0.97	0.27	2.20

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

\* Revaluation of Real Property was effective in this year.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for Debt Service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

MENDHAM TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Shemy, LLC	\$ 8,454,200	0.45%	\$ 8,135,000	0.38%
Woodland Lakes, Inc.	7,795,500	0.42%	5,942,800	0.28%
Mendham Golf & Tennis Club	6,199,400	0.33%	5,770,400	0.27%
Southeast Morris County MUA	4,870,100	0.26%	5,640,700	0.26%
Individual Taxpayer #1	4,097,300	0.22%	5,124,500	0.24%
Individual Taxpayer #2	3,985,600	0.21%	5,083,400	0.24%
Desiree Farm, LLC	3,850,000	0.21%	4,985,600	0.23%
Individual Taxpayer #3	3,800,000	0.20%	4,640,300	0.21%
Individual Taxpayer #4	3,760,200	0.20%	4,448,800	0.21%
Individual Taxpayer #5	3,603,300	0.19%	4,353,600	0.20%
Total	\$ 50,415,600	2.69%	\$ 54,125,100	2.52%

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Taxes Levied for</u> <u>the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u> <u>Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of</u> <u>Levy</u>	
2010	\$ 14,632,142	\$ 14,632,142	100.00 %	\$ - 0 -
2011	15,089,486	15,089,486	100.00 %	- 0 -
2012	15,044,481	15,044,481	100.00 %	- 0 -
2013	15,104,839	15,104,839	100.00 %	- 0 -
2014	15,069,476	15,069,476	100.00 %	- 0 -
2015	15,347,864	15,347,864	100.00 %	- 0 -
2016	15,561,040	15,561,040	100.00 %	- 0 -
2017	15,548,343	14,691,462	94.49 %	856,881
2018	15,850,628	15,688,361	98.98 %	162,267
2019	15,951,402	15,951,402	100.00 %	- 0 -

<sup>a</sup> School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Mendham Township School District records including the Certificate and Report of School Taxes (A4F form).

MENDHAM TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2010	\$ 11,868,000	\$ 330,860	\$ 12,198,860	2.78 %	2,074
2011	11,660,000	256,105	11,916,105	2.62 %	2,019
2012	11,128,000	286,521	11,414,521	2.41 %	1,930
2013	9,350,000	163,571	9,513,571	1.99 %	1,611
2014	8,530,000	323,942	8,853,942	1.80 %	1,503
2015	7,655,000	406,646	8,061,646	1.56 %	1,370
2016	6,785,000	429,535	7,214,535	1.38 %	1,230
2017	5,840,000	480,576	6,320,576	1.21 %	1,081
2018	4,875,000	456,721	5,331,721	1.02 %	912
2019	3,885,000	332,986	4,217,986	0.78 %	734

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

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Mendham Township School District Financial records.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 11,868,000	\$ -0-	\$ 11,868,000	8.21 %	2,017
2011	11,660,000	-0-	11,660,000	7.63 %	1,976
2012	11,128,000	-0-	11,128,000	7.28 %	1,881
2013	9,350,000	-0-	9,350,000	6.13 %	1,584
2014	8,530,000	-0-	8,530,000	5.59 %	1,448
2015	7,655,000	-0-	7,655,000	5.02 %	1,301
2016	6,785,000	-0-	6,785,000	4.45 %	1,157
2017	5,840,000	-0-	5,840,000	3.83 %	999
2018	4,875,000	-0-	4,875,000	3.19 %	834
2019	3,885,000	-0-	3,885,000	2.55 %	676

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: Mendham Township School District Financial records.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Mendham Township	\$ 11,776,812	100.00 %	\$ 11,776,812
Morris County General Obligation Debt	216,647,700	2.06 %	<u>4,469,092</u>
Subtotal, Overlapping Debt			16,245,904
Mendham Township School District Direct Debt			<u>4,540,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 20,785,904</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Mendham. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 59,002,829	\$ 57,278,106	\$ 54,500,648	\$ 53,743,758	\$ 52,794,407
Total Net Debt Applicable to Limit	<u>11,868,000</u>	<u>11,660,000</u>	<u>11,128,000</u>	<u>9,350,000</u>	<u>8,530,000</u>
Legal Debt Margin	<u>\$ 47,134,829</u>	<u>\$ 45,618,106</u>	<u>\$ 43,372,648</u>	<u>\$ 44,393,758</u>	<u>\$ 44,264,407</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.11 %	20.36 %	20.42 %	17.40 %	16.16 %

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 53,178,391	\$ 54,994,000	\$ 55,780,057	\$ 58,352,525	\$ 58,094,857
Total Net Debt Applicable to Limit	<u>7,655,000</u>	<u>6,785,000</u>	<u>5,840,000</u>	<u>4,875,000</u>	<u>3,885,000</u>
Legal Debt Margin	<u>\$ 45,523,391</u>	<u>\$ 48,209,000</u>	<u>\$ 49,940,057</u>	<u>\$ 53,477,525</u>	<u>\$ 54,209,857</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.39 %	12.34 %	10.47 %	8.35 %	6.69 %

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis	
2018	\$ 1,916,561,951
2017	1,937,477,219
2016	<u>1,955,446,555</u>
	<u>\$ 5,809,485,725</u>
Average Equalized Valuation of Taxable Property	\$ 1,936,495,242
Debt Limit <sup>a</sup> (3% of Average Equalization Value)	58,094,857
Net Bonded School Debt as of June 30, 2019	<u>3,885,000</u>
Legal Debt Margin	<u>\$ 54,209,857</u>

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Morris County Per Capita Personal Income <sup>c</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	5,486	\$ 70,184	\$ 385,029,424	2.10%
2010	5,880	73,918	434,637,840	2.10%
2011	5,891	76,573	451,091,543	2.00%
2012	5,894	79,481	468,461,014	2.10%
2013	5,873	80,358	471,942,534	2.00%
2014	5,849	83,626	489,128,474	4.00%
2015	5,836	87,505	510,679,180	3.30%
2016	5,809	89,653	520,794,277	3.20%
2017	5,780	94,259	544,817,020	3.10%
2018	5,744	94,259 *	541,423,696	2.70%

\* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

Source:

<sup>a</sup> Population information provided by the New Jersey Department of Labor and Workforce Development

<sup>b</sup> Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development

<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>d</sup> Unemployment data provided by the New Jersey Department of Labor and Workforce Development

MENDHAM TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2018		2009			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health Systems		6,140	2.43%	Novartis	4,990	N/A
Picatinny Arsenal		6,000	2.37%	Atlantic Health Systems	4,993	N/A
Novartis		4,900	1.94%	U.S. Army Armament R&D	4,442	N/A
ADP		2,690	1.06%	UPS	2,332	N/A
Bayer		2,400	0.95%	County of Morris	1,959	N/A
Accenture		1,865	0.74%	ADP	1,924	N/A
Barclays		1,800	0.71%	AT&T	1,550	N/A
Honeywell		1,704	0.67%	St. Claires Health System	1,531	N/A
Allergan		1,627	0.64%	BASF Corporation	1,400	N/A
St. Claires Health System		1,565	0.62%	Avis Budget Group, Inc.	1,378	N/A
		<u>30,691</u>	<u>12.13%</u>		<u>26,499</u>	<u>9.28%</u>
Total Employment *		<u>252,894</u>			<u>26,499</u>	

\* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	64.00	59.00	60.00	59.00	58.00	58.00	58.00	58.00	58.00	58.00
Special education	22.00	27.00	26.00	26.00	25.00	26.00	28.00	30.00	30.00	30.00
Other special education	5.00									
Other instruction	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Support Services:										
Student and Instruction Related Services	16.00	16.00	14.00	14.00	14.00	14.00	14.50	14.50	12.00	12.00
School Administrative Services	8.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
General Administrative Services	3.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other Administrative Services		4.00	4.00	4.00	4.00	4.00				
Central Services	3.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00
Plant Operations and Maintenance	10.00	8.00	4.00	4.00	4.00	4.00	9.00	9.00	10.00	10.00
Pupil Transportation	27.00	27.00	28.00	28.00	28.00	28.50	28.50	28.50	27.00	27.00
<b>Total</b>	<b>161.00</b>	<b>165.00</b>	<b>159.00</b>	<b>158.00</b>	<b>156.00</b>	<b>157.50</b>	<b>161.00</b>	<b>163.00</b>	<b>160.00</b>	<b>159.00</b>

Source: Mendham Township School District records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>e</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2010	904	\$ 16,245,037	17,970	4.89 %	96	1:09.2	1:9.7	902	866	-1.64 %	96.01 %
2011	903	15,516,205	17,183	-4.38 %	94	1:9.1	1:10.1	857	820	-4.99 %	95.68 %
2012	803	15,647,179	19,486	13.40 %	97	1:8.4	1:8.8	836	780	-2.45 %	93.30 %
2013	786	16,304,784	20,744	6.46 %	93	1:8.1	1:8.8	786	753	-5.98 %	95.80 %
2014	733	16,308,464	22,249	7.25 %	91	1:8.0	1:8.8	733	709	-6.74 %	96.73 %
2015	706	16,939,747	23,994	7.84 %	90	1:7.9	1:8.7	706	682	-3.68 %	96.60 %
2016	708	17,104,953	24,160	0.69 %	90	1:7.9	1:8.6	708	686	0.28 %	96.89 %
2017	698	17,401,002	24,930	3.19 %	90	1:8.0	1:8.6	698	682	-1.41 %	97.71 %
2018	697	18,605,580	26,694	7.08 %	88	1:7.9	1:8.0	697	684	-0.14 %	98.13 %
2019	697	19,375,726	27,799	4.14 %	88	1:7.9	1:8.0	697	685	0.00 %	98.28 %

<sup>a</sup> Enrollment includes out of District special education placements.

<sup>b</sup> Operating expenditures equal total expenditures less Debt Service and Capital Outlay.

<sup>c</sup> Cost per pupil is the sum as operating expenditures divided by enrollment. This cost per pupil may be different from the State's per pupil calculations.

<sup>d</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>e</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Mendham Township School District records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Elementary</b>										
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	443	447	447	447	447	331	362	348	363	382
<b>Middle School</b>										
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	461	456	456	456	456	375	346	350	334	315

Number of Schools at June 30, 2019  
Elementary = 1  
Middle School = 1

Note: Enrollment is based on the annual October District count.

Source: Mendham Township School District Business Office.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities  
Account #11-000-261-XXX

School Facility	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary School	\$ 51,836	\$ 63,846	\$ 78,414	\$ 120,496	\$ 115,286	\$ 111,028	\$ 123,661	\$ 164,687	\$ 193,359	\$ 198,108
Middle School	125,122	51,990	121,942	100,630	119,819	134,668	200,897	178,107	245,847	237,980
	<u>\$ 176,958</u>	<u>\$ 115,836</u>	<u>\$ 200,356</u>	<u>\$ 221,126</u>	<u>\$ 235,105</u>	<u>\$ 245,696</u>	<u>\$ 324,558</u>	<u>\$ 342,794</u>	<u>\$ 439,206</u>	<u>\$ 436,088</u>

\* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Mendham Township School District records.



MENDHAM TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2019  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
School Package Policy:		
Property Section:		
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:		
General Liability	31,000,000	None
Automotive Liability	31,000,000	None
Employee Benefit Liability	31,000,000	1,000
Workers Compensation:		
Statutory Benefits	Included	
Crime:		
Fogery & Alteration	500,000	1,000
Money & Securities	50,000	500
Money Orders/Counterfeit	50,000	500
Including Faithful Performance	500,000	1,000
Environmental Impairment Liability:	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		
Basic/Sports	5,000,000	
Catastrophic	500,000	
Philadelphia Insurance Group		
Cyberliability	1,000,000	15,000
Surety Bond Coverage - Hanover Insurance Company		
Business Administrator/Board Secretary	200,000	1,000
Treasurer of School Monies	200,000	1,000

Source: Mendham Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-298-8500 | 973-298-8501 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mendham, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
Page 2

**Compliance and Other Matters**

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

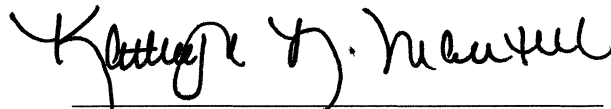
**Purpose of this Report**

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



NISIVOCCIA LLP

November 27, 2019  
Mount Arlington, New Jersey



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Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



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Report on Compliance For Each Major State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Township of Mendham's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
Page 2

***Opinion on Each Major State Program***

In our opinion, the 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 state programs for the fiscal year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, 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 the 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 or state 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 or state 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 or state 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.

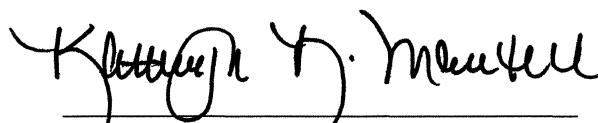
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.



NISIVOCIA LLP

November 27, 2019  
Mount Arlington, New Jersey



Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Balance at June 30, 2019			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Adjust- ments	Budgetary Accounts Receivable	Due to Grantor
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
ESEA Consolidated Grant:											
Title I - Part A	84.010A	ESEA-3100-18	7/1/17-6/30/18	\$ 104,366	\$ (87,177)	\$	87,177				
Title II - Part A	84.367A	ESEA-3100-18	7/1/17-6/30/18	17,433	(8,941)		8,941				
Title IV	84.424	ESEA-3100-18	7/1/17-6/30/18	10,000	(5,000)		5,000				
Title I - Part A	84.010A	ESEA-3100-17	7/1/16-6/30/17	125,099		\$ 125,099			\$ (105,851)		\$ (19,248)
Title II - Part A	84.367A	ESEA-3100-17	7/1/16-6/30/17	9,703		5,703			(5,703)		
Title II - Part A	84.367A	ESEA-3100-16	7/1/15-6/30/16	11,082	(11,204)					\$ (11,204)	(11,082)
Title II - Part A	84.367A	ESEA-3100-15	7/1/14-6/30/15	11,204			50,760			\$ (105,515)	(54,755)
Title I - Part A	84.010A	ESEA-3100-19	7/1/18-6/30/19	105,515						(18,773)	(18,773)
Title II - Part A	84.367A	ESEA-3100-19	7/1/18-6/30/19	18,773						(15,000)	(15,000)
Title IV	84.424	ESEA-3100-19	7/1/18-6/30/19	15,000							
					(112,322)	141,884	151,878	(139,288)	(111,554)	(99,732)	(30,330)
Special Education Cluster:											
IDEA Part B, Basic	84.027	IDEA-3100-18	7/1/17-6/30/18	146,136	(146,136)		146,136				
IDEA Part B, Preschool	84.173	IDEA-3100-18	7/1/17-6/30/18	18,996	(8,715)		8,715				
IDEA Part B, Basic	84.027	IDEA-3100-19	7/1/18-6/30/19	147,287			144,110			(147,287)	(3,177)
IDEA Part B, Preschool	84.173	IDEA-3100-19	7/1/18-6/30/19	8,847			8,847			(8,847)	
Total Special Education Cluster					(154,851)		307,808	(156,134)		(3,177)	
Total Special Revenue Fund					(267,173)	141,884	459,686	(295,422)	(111,554)	(102,909)	(30,330)
Total U.S. Department of Education					(267,173)	141,884	459,686	(295,422)	(111,554)	(102,909)	(30,330)
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Special Milk Program	10.556	N/A	7/1/17-6/30/18	3,546	(309)		309				
Total Child Nutrition Cluster					(309)		309				
Total U.S. Department of Agriculture					(309)		309				
Total Federal Financial Awards					(267,482)	141,884	459,995	(295,422)	(111,554)	(102,909)	(30,330)
											\$ -0-

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance June 30, 2018			Balance June 30, 2019			Memo	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	\$ 13,957	\$ (1,213)	\$	1,213	\$			\$	13,957
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	79,883	(6,944)		6,944					79,883
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	357,973	(31,117)		31,117					357,973
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	6,970	(606)		606					6,970
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	6,970	(606)		606					6,970
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	6,460	(562)		562					6,460
Extraordinary Special Education Aid	18-495-034-5120-044	7/1/17-6/30/18	138,312	(138,312)		138,312					138,312
Nonpublic Transportation	18-495-034-5120-014	7/1/17-6/30/18	25,281	(25,281)		25,281					25,281
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	525,375	(24,162)		24,162					525,375
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,957			12,712	\$ (13,957)	\$	(1,245)		13,957
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	198,422			180,727	(198,422)		(17,695)		198,422
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	357,973			326,050	(357,973)		(31,923)		357,973
Extraordinary Special Education Aid	19-495-034-5120-044	7/1/18-6/30/19	234,449				(234,449)	\$ (234,449)	(234,449)		234,449
Nonpublic Transportation	19-495-034-5120-014	7/1/18-6/30/19	26,468				(26,468)	(26,468)	(26,468)		26,468
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	480,380			477,973	(480,380)	(2,407)	(2,407)		480,380
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	542,770			542,770	(542,770)				542,770
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	1,172,052			1,172,052	(1,172,052)				1,172,052
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	24,534			24,534	(24,534)				24,534
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	1,214			1,214	(1,214)				1,214
<b>Total General Fund State Aid</b>				(228,803)		2,966,835	(3,052,219)	(263,324)	(314,187)		4,233,800
<b>State Department of Health:</b>											
<b>Special Revenue Fund:</b>											
Anti-Bullying Bill of Rights Act - 2014	N/A	7/1/13-6/30/14	572	\$ 572				\$ 572			
Anti-Bullying Bill of Rights Act - 2015	N/A	7/1/14-6/30/15	572	572				572			
Anti-Bullying Bill of Rights Act - 2016	N/A	7/1/15-6/30/16	572	572				572			
<b>Total Special Revenue Fund</b>				1,716				1,716			
<b>Total State Awards Subject to Single Audit Determination</b>				\$ (228,803)	\$ 1,716	\$ 2,966,835	\$ (3,052,219)	\$ (263,324)	\$ 1,716	\$ (314,187)	\$ 4,233,800
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>											
<b>On-Behalf TPAF Pension System Contributions:</b>											
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	(542,770)								542,770
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	(1,172,052)								1,172,052
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(24,534)								24,534
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(1,214)								1,214
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>											1,740,570
<b>Total State Awards Subject to Single Audit Major Program Determination</b>											\$ (1,311,649)



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Mendham Township Board of Education Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on the GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,815) for the General Fund and -\$0- for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, respectively.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Revenue from federal and state awards are reported in the District's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 3,042,404	\$ 3,042,404
Special Revenue Fund	\$ 295,422		295,422
Total Financial Awards	\$ 295,422	\$ 3,042,404	\$ 3,337,826

NOTE 5. 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 6. FEDERAL AND STATE LOANS OUTSTANDING

Mendham Township School District had no loans outstanding at June 30, 2019.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in *the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
State Aid - Public:				
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 357,973	\$ 357,973
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,957	13,957

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2018.