

**SCHOOL DISTRICT
OF THE
BOROUGH OF MENDHAM**

**Mendham Borough School District
Mendham, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

Mendham Borough School District

Mendham, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Mendham Borough School District
Board of Education**

MENDHAM BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Mendham Borough Public Schools
12 Hilltop Road
Mendham, New Jersey 07945

October 8, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Mendham Borough School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, 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 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' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Mendham Borough 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 Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8. These include regular as well as special education for classified children.

2) ECONOMIC CONDITION AND OUTLOOK: Mendham Borough has a population of about 5,000. It extends 5.94 square miles, and the Township of Mendham forms a horseshoe around it. It is primarily residential, except for the Mendham Village Shopping Center on Main Street and several small specialty stores and antique shops. Students in Grades 9 - 12 attend the West Morris Mendham High School.

3) MAJOR INITIATIVES: Mendham Borough, a Preschool - 8, two-school district, takes great pride in the provision of a rigorous, high quality and inclusive educational program.

The major goal for the 2020-2021 school year budget was to maintain our quality educational programs, appropriately staff them and provide resources required for a successful re-opening of schools given the challenges presented as a result of the global pandemic, while meeting all state and federal requirements. All current programs have been maintained and class size has been kept at existing levels. The district was able to reopen schools successfully on August 2020 by following the guidance from the NJDOE, NJDOH and our local health department and District Physician.

Major district initiatives include the following:

- Provide staff with ongoing professional learning tools, resources and support to create personalized learning experiences for our students that meet their diverse needs while closely monitoring progress for remote and in-person instruction.
- Allocate resources for real and potential increases in special education costs.
- Identify ways to maximize instructional time and student/teacher contact time during the reopening of schools after a state-mandated closure due to the global pandemic to identify any learning loss.
- Provide a dynamic learning environment that leverages emerging and cutting edge technology.
- Continue support for our expanded Mentoring Program.
- Develop safety management strategies/plan that improve safety and security including cybersecurity training in the district.
- Strengthen the current school and district Social Emotional Learning (SEL) programs and initiatives.

The district has successfully managed our financial resources to keep pace with our facilities maintenance and address priority capital improvements necessary to provide a safe, secure and efficient educational environment for our students and staff. Among these capital projects are facility repairs & renovations that included the installation of a new playground at Hilltop, installation of dropped ceilings at Mountain View, LED lights upgrade at Mountain View and the replacement of all water fountains with water bottle filling stations. The district continues to allocate funds to support the district's strategic plan, five-year curriculum plan, long range facilities plan, professional development, and technology initiatives.

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.

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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2021.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on J-20.


The Board is a member of the New Jersey Schools Insurance Group (NJSIG). NJSIG is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on NJSIG is included in Note 10 to the Basic Financial Statements.

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 of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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 auditor's 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 and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members
of the Board of Education
Mendham Borough School District
Page 4
October 8, 2021

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mendham Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

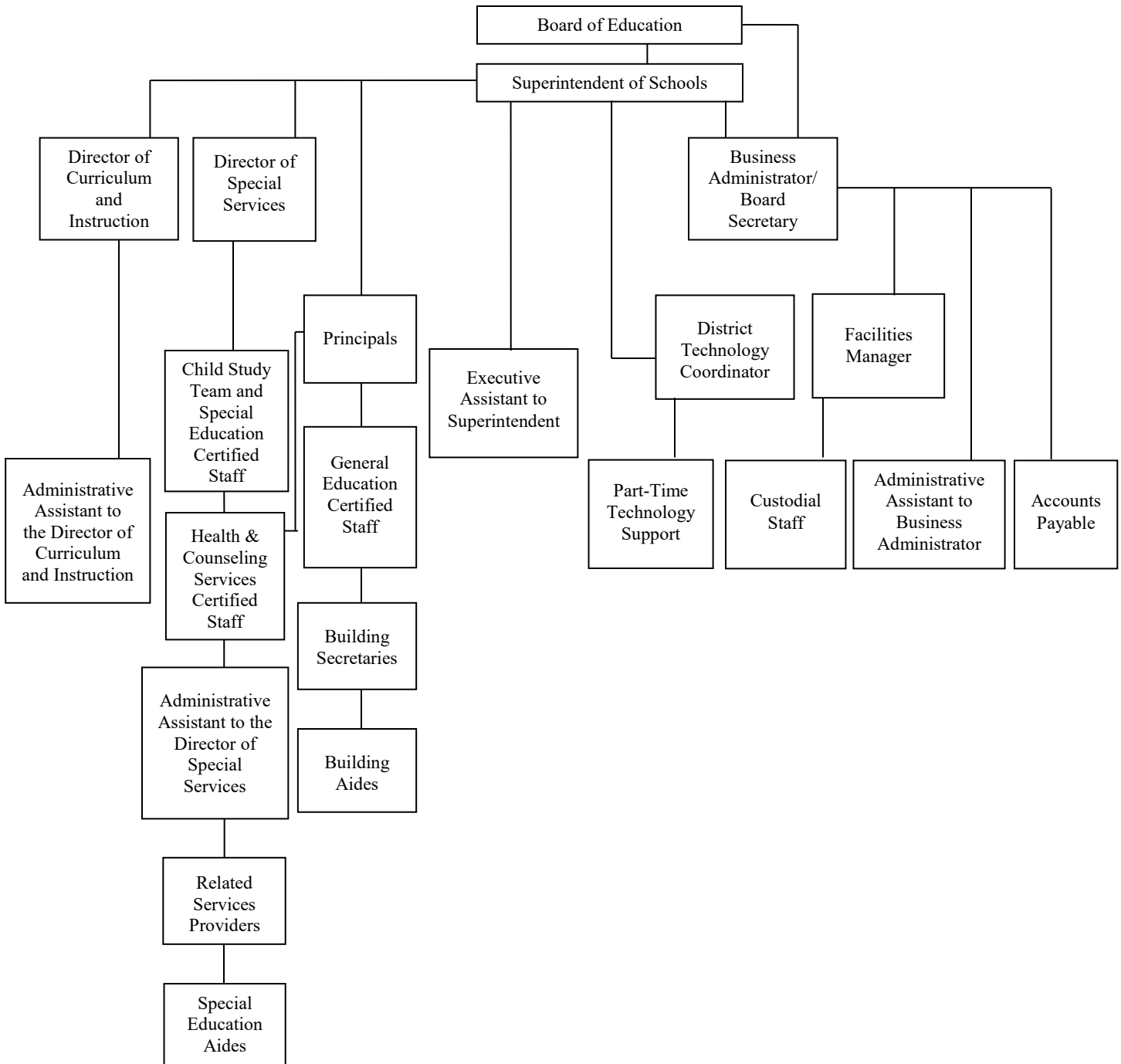
Signed: 

Title: Superintendent

Signed: 

Title: Business Administrator

1110 ORGANIZATIONAL CHART



MENDHAM BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021

Members of the Board of Education

Term Expires

Beth Cocuzza, President	2021
John Vitale, Vice President	2022
Sean Havey	2021
Steve McLaud	2023
John Jennings	2023
Catalina Wiatroski	2023
AnnMarie Hornyak	2021
Dr. Barry Haines	2022
James Gillespie	2022

Other Officials

Title

Mitzi Morillo	Superintendent
Felicia Kicinski	Business Administrator/Board Secretary

MENDHAM BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Attorneys

Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue,
P.O. Box 790,
Lyndhurst, NJ 07071

Cleary, Giacobbe, Alfieri & Jacobs, LLC
169 Ramapo Valley Road,
Upper Level 105
Oakland, NJ 07436

Official Depository

Lakeland Bank
106 East Main Street
Mendham, NJ 07945

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Mendham Borough 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 Borough School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, 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 Borough School District, in the County of Morris, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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 Honorable President and Members
of the Board of Education
Mendham Borough School District
Page 3

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 October 8, 2021 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 the effectiveness of the District’s internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

October 8, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION - PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

Mendham Borough School District Management's Discussion and Analysis

This section of Mendham Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. 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.

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 Borough School District's Financial Report**

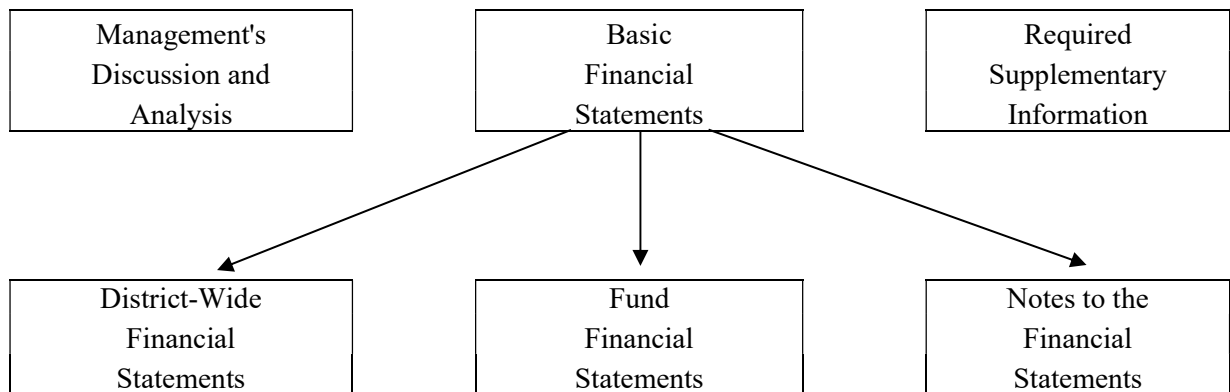


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**Mendham Borough School District
Management's Discussion and Analysis**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	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
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
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 end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

Mendham Borough School District Management's Discussion and Analysis

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 is 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.
- *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. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Mendham Borough School District
Management's Discussion and Analysis**

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$8,419,068 on June 30, 2021, which was \$1,936,282 or 29.87% greater than the prior year (See Figure A-3).

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/21
	2020/21	2019/20*	2020/21	2019/20	2020/21	2019/20*	
Current and Other Assets	\$ 6,734,618	\$ 4,953,553	\$ 6,945	\$ 11,692	\$ 6,741,563	\$ 4,965,245	
Capital Assets, Net	7,455,690	7,785,189	29,380		7,485,070	7,785,189	
Total Assets	<u>14,190,308</u>	<u>12,738,742</u>	<u>36,325</u>	<u>11,692</u>	<u>14,226,633</u>	<u>12,750,434</u>	11.58%
Deferred Outflows of Resources	<u>785,284</u>	<u>948,205</u>			<u>785,284</u>	<u>948,205</u>	-17.18%
Other Liabilities	326,954	225,790	6,702	8,711	333,656	234,501	
Long-Term Liabilities	<u>5,258,620</u>	<u>6,021,464</u>			<u>5,258,620</u>	<u>6,021,464</u>	
Total Liabilities	<u>5,585,574</u>	<u>6,247,254</u>	<u>6,702</u>	<u>8,711</u>	<u>5,592,276</u>	<u>6,255,965</u>	-10.61%
Deferred Inflows of Resources	<u>1,000,573</u>	<u>959,888</u>			<u>1,000,573</u>	<u>959,888</u>	4.24%
Net Position:							
Net Investment in							
Capital Assets	4,916,936	4,682,686	29,380		4,946,316	4,682,686	
Restricted	5,463,396	4,380,584			5,463,396	4,380,584	
Unrestricted/(Deficit)	<u>(1,990,887)</u>	<u>(2,583,465)</u>	<u>243</u>	<u>2,981</u>	<u>(1,990,644)</u>	<u>(2,580,484)</u>	
Total Net Position	<u>\$ 8,389,445</u>	<u>\$ 6,479,805</u>	<u>\$ 29,623</u>	<u>\$ 2,981</u>	<u>\$ 8,419,068</u>	<u>\$ 6,482,786</u>	29.87%

* Restated

Changes in Net Position. Net position from governmental activities increased \$1,909,640 while net position from business-type activities increased \$26,642. The increase in net investment in capital assets is mainly due to the maturity of \$575,000 of serial bonds payable and \$190,495 in capital assets additions; offset by \$444,221 in depreciation expense. The increase in restricted net position is due primarily to an increase in Capital Reserve, Maintenance Reserve and excess surplus. The increase in unrestricted net position is due primarily to a decrease in net pension liability and the changes in deferred outflows and inflows related to pensions.

**Mendham Borough School District
Management's Discussion and Analysis**

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

	Governmental Activities 2020/21	Business-Type Activities 2020/21	Total School District 2020/21	Governmental Activities 2019/20	Business-Type Activities 2019/20	Total School District 2019/20	Total Percentage Change 2020/21
Revenue:							
Program Revenue:							
Charges for Services	\$ 57,297	\$ 30,233	\$ 87,530	\$ 51,550	\$ 114,337	\$ 165,887	
Operating Grants and Contributions	2,902,464		2,902,464	2,604,945		2,604,945	
General Revenue:							
Property Taxes	11,621,454		11,621,454	11,425,618		11,425,618	
Other	54,908	6	54,914	201,029	10,674	211,703	
Total Revenue	14,636,123	30,239	14,666,362	14,283,142	125,011	14,408,153	1.79%
Expenses:							
Instruction	7,385,951		7,385,951	6,850,601		6,850,601	
Pupil and Instruction Services	2,525,426		2,525,426	2,294,995		2,294,995	
Administrative and Business	1,519,551		1,519,551	1,372,800		1,372,800	
Maintenance and Operations	1,020,943		1,020,943	1,405,620		1,405,620	
Pupil Transportation	115,054		115,054	107,389		107,389	
Other	111,326	51,829	163,155	121,355	130,399	251,754	
Total Expenses	12,678,251	51,829	12,730,080	12,152,760	130,399	12,283,159	3.64%
Transfers	(48,232)	48,232		(4,927)	4,927		
Increase/(Decrease) in Net Position	\$ 1,909,640	\$ 26,642	\$ 1,936,282	\$ 2,125,455	\$ (461)	\$ 2,124,994	-8.88%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased significantly. The District will continue sound fiscal management in order to maintain its existing programs, provide programs and services for students with special needs and meet the rising costs of fixed obligations.

Careful management of expenses remains essential for the District to maintain its financial health.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other miscellaneous expenses. 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 obligation placed on the District's taxpayers by each of these functions.

**Mendham Borough School District
Management’s Discussion and Analysis**

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 Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2020/21</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2019/20</u>
Instruction	\$ 7,385,951	\$ 5,121,808	\$ 6,850,601	\$ 4,862,978
Pupil and Instruction Services	2,525,426	1,888,950	2,294,995	1,673,382
Administrative and Business	1,519,551	1,519,551	1,372,800	1,372,800
Maintenance and Operations	1,020,943	1,020,943	1,405,620	1,405,620
Transportation	115,054	115,054	107,389	60,130
Other	111,326	52,184	121,355	121,355
	<u>\$ 12,678,251</u>	<u>\$ 9,718,490</u>	<u>\$ 12,152,760</u>	<u>\$ 9,496,265</u>

Business-Type Activities

Net position from the District’s business-type activity increased \$26,642 (Refer to Figure A-4). Factors contributing to these results included:

- Food service expenses exceeded revenues by \$21,596. There was also a board contribution of \$12,803, and a transfer of capital assets of \$35,429 from governmental activities. These factors accounted for the overall increase in the net position of the business-type activities.

Financial Analysis of the District’s Funds

To maintain a stable financial position, the District must continue to practice sound fiscal management, including but not limited to cost containment practices, seeking out all available efficiencies and a continual evaluation of all offered services and programs.

General Fund Budgetary Highlights

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

**Mendham Borough School District
Management's Discussion and Analysis**

Capital Asset

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2020/21
	Government Activities		Business-Type Activities		Total School District		
	<u>2020/21</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2019/20</u>	
Land	\$ 251	\$ 251			\$ 251	\$ 251	
Construction in Progress	319,240	319,240			319,240	319,240	
Site Improvements	702,276	608,331			702,276	608,331	
Buildings and Building Improvements	6,176,761	6,477,106			6,176,761	6,477,106	
Furniture, Machinery and Equipment	<u>257,162</u>	<u>380,261</u>	<u>\$ 29,380</u>		<u>286,542</u>	<u>380,261</u>	
Total Capital Assets (Net of Depreciation)	<u><u>\$ 7,455,690</u></u>	<u><u>\$ 7,785,189</u></u>	<u><u>\$ 29,380</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 7,485,070</u></u>	<u><u>\$ 7,785,189</u></u>	-3.85%

During the fiscal year, the District acquired or constructed \$190,495 in capital additions from its governmental activities (which included capital outlay expenses for the Hilltop vestibule and access point upgrades, and the Mountain View ceiling and lights project). There were also deletions of \$40,344 in capital assets. The District also had \$444,221 in depreciation expense from its governmental activities.

Figure A-7

Outstanding Long-Term Liabilities

	<u>2020/21</u>	<u>2019/20</u>	Percentage Change 2020/21
Bonds Payable	\$ 2,595,000	\$ 3,170,000	
Unamortized Bond Premium Payable	273,621	328,346	
Net Pension Liability	2,254,756	2,386,069	
Compensated Absences Payable	<u>135,243</u>	<u>137,049</u>	
	<u><u>\$ 5,258,620</u></u>	<u><u>\$ 6,021,464</u></u>	-12.67%

- The District continued to pay down its debt, retiring \$575,000 of serial bonds.
- The District amortized \$54,725 of bond issuance premium related to its bonded debt.
- Compensated absences decreased by a net amount of \$1,806.
- Net pension liability decreased by \$131,313.

**Mendham Borough School District
Management's Discussion and Analysis**

Factors Bearing on the District's Future Revenue/Expense Changes

The two greatest factors that bear on the district's financials are the rising costs of employee health benefits and the rising costs of out of district special education placements. The district continues to seek new opportunities for efficiencies and expense reduction in this area.

The District must allocate funds for "fixed" obligations, which increase from year to year. Although the District participates in cooperative purchasing for electricity and heating, there has been a sharp increase in oil prices over the past year with consumption dependent upon variable weather conditions. The State mandates that two-tenths of one percent of the buildings' value be set aside in the annual budget for "required" building maintenance. A maintenance reserve account was established a few years ago to provide for unexpected building repairs. In addition, the budget includes funds for repair and maintenance of the District's equipment. Special education programs and related services, including out of district placements and transportation, cannot be predicted with certainty; however, the District maintains its commitment to meet the needs of these students. A large cost savings is continued to be recognized from the District's integrated preschool program which provides services in district rather than paying the higher cost of out-of-district tuition.

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, 100 Dean Road, Mendham, New Jersey 07945.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,886,423	\$ 3,203	\$ 2,889,626
Receivables from Other Governments:			
Federal	21,201		21,201
State	141,074		141,074
Other Accounts Receivable	5,923		5,923
Inventory		3,742	3,742
Restricted Cash and Cash Equivalents	3,679,997		3,679,997
Capital Assets, Net			
Sites (Land)	251		251
Construction in Progress	319,240		319,240
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	7,136,199	29,380	7,165,579
Total Assets	<u>14,190,308</u>	<u>36,325</u>	<u>14,226,633</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	56,246		56,246
Deferred Outflows Related to Pensions	729,038		729,038
Total Deferred Outflow of Resources	<u>785,284</u>		<u>785,284</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	27,817		27,817
Accounts Payable	249,955	2,037	251,992
Payable to State Government	4,795		4,795
Unearned Revenue	44,387	4,665	49,052
Noncurrent Liabilities:			
Due Within One Year	624,725		624,725
Due Beyond One Year	4,633,895		4,633,895
Total Liabilities	<u>5,585,574</u>	<u>6,702</u>	<u>5,592,276</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,000,573		1,000,573
Total Deferred Inflow of Resources	<u>1,000,573</u>		<u>1,000,573</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,916,936	29,380	4,946,316
Restricted for:			
Capital Projects	2,506,740		2,506,740
Excess Surplus	1,781,927		1,781,927
Unemployment Compensation	51,796		51,796
Student Activities	48,744		48,744
Maintenance	1,072,717		1,072,717
Other Purposes	1,472		1,472
Unrestricted/(Deficit)	(1,990,887)	243	(1,990,644)
Total Net Position	<u>\$ 8,389,445</u>	<u>\$ 29,623</u>	<u>\$ 8,419,068</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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
Governmental Activities:						
Instruction:						
Regular	\$ 5,961,641	\$ 35,633	\$ 1,632,720	\$ (4,293,288)	\$	\$ (4,293,288)
Special Education	1,119,347		595,790	(523,557)		(523,557)
Other Instruction	304,963			(304,963)		(304,963)
Support Services:						
Tuition	370,494		71,551	(298,943)		(298,943)
Student & Instruction Related Services	2,154,932	21,664	543,261	(1,590,007)		(1,590,007)
General Administrative Services	523,991			(523,991)		(523,991)
School Administrative Services	580,809			(580,809)		(580,809)
Central Services	410,513			(410,513)		(410,513)
Administrative Information Technology	4,238			(4,238)		(4,238)
Plant Operations and Maintenance	1,020,943			(1,020,943)		(1,020,943)
Pupil Transportation	115,054			(115,054)		(115,054)
Interest on Long-Term Debt	59,142		59,142			
Capital Outlay	52,184			(52,184)		(52,184)
Total Governmental Activities	12,678,251	57,297	2,902,464	(9,718,490)		(9,718,490)
Business-Type Activities:						
Food Service	51,829	30,233			\$ (21,596)	(21,596)
Total Business-Type Activities	51,829	30,233			(21,596)	(21,596)
Total Primary Government	\$ 12,730,080	\$ 87,530	\$ 2,902,464	\$ (9,718,490)	(21,596)	(9,740,086)

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue and Transfers:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 10,936,410		\$ 10,936,410
Taxes Levied for Debt Service	685,044		685,044
Investment Earnings	11,715	\$ 6	11,721
Miscellaneous Income	43,193		43,193
Transfers	(48,232)	48,232	
Total General Revenues and Transfers	11,628,130	48,238	11,676,368
Change in Net Position	1,909,640	26,642	1,936,282
Net Position - Beginning (as Restated)	6,479,805	2,981	6,482,786
Net Position - Ending	\$ 8,389,445	\$ 29,623	\$ 8,419,068

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

FUND FINANCIAL STATEMENTS

MENDHAM BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,782,488	\$ 20,558	\$ 83,377		\$ 2,886,423
Interfund Receivable:					
Capital Projects Fund				\$ 1,472	1,472
Receivables From Other Governments:					
Federal		21,201			21,201
State	140,324		750		141,074
Other Accounts Receivable		5,923			5,923
Restricted Assets - Cash and Cash Equivalents	3,631,253	48,744			3,679,997
Total Assets	\$ 6,554,065	\$ 96,426	\$ 84,127	\$ 1,472	\$ 6,736,090
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 99,955				\$ 99,955
Interfund Payable:					
Debt Service Fund			\$ 1,472		1,472
Payable to State Government		\$ 4,795			4,795
Unearned Revenue	1,500	42,887			44,387
Total Liabilities	101,455	47,682	1,472		150,609
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,506,740				2,506,740
Maintenance Reserve Account	1,072,717				1,072,717
Excess Surplus - 2022-2023	886,542				886,542
Excess Surplus - 2021-2022	895,385				895,385
Unemployment Compensation	51,796				51,796
Student Activities		48,744			48,744
Debt Service				\$ 1,472	1,472
Assigned to:					
Other Purposes	538,941				538,941
Committed:					
Capital Projects			82,655		82,655
Unassigned	500,489				500,489
Total Fund Balances	6,452,610	48,744	82,655	1,472	6,585,481
Total Liabilities and Fund Balances	\$ 6,554,065	\$ 96,426	\$ 84,127	\$ 1,472	\$ 6,736,090

MENDHAM BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

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

Total Fund Balances - Governmental Funds (Above)	\$ 6,585,481
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	7,455,690
Bond issuance premium is reported as revenue in the governmental funds in the year of the related expenditure.	(273,621)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(2,730,243)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(27,817)
Deferred amount on refunding is not reported as an expenditure in governmental funds in the year of the expenditure.	56,246
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,254,756)
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	579,038
Deferred Inflows	(1,000,573)
Net Position of Governmental Activities	<u>\$ 8,389,445</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 10,936,410			\$ 685,044	\$ 11,621,454
Tuition Charges	35,633				35,633
Interest Earned on Capital Reserve Funds	2,717				2,717
Interest Earned on Maintenance Reserve Funds	1,036				1,036
Restricted Miscellaneous Revenue	93	\$ 21,664			21,757
Unrestricted Miscellaneous Revenue	50,882	7,499	\$ 180		58,561
Total - Local Sources	11,026,771	29,163	180	685,044	11,741,158
State Sources	2,407,597	3,435			2,411,032
Federal Sources		193,602			193,602
Total Revenue	13,434,368	226,200	180	685,044	14,345,792
EXPENDITURES					
Current:					
Regular Instruction	3,497,358	77,583			3,574,941
Special Education Instruction	600,008	55,402			655,410
Other Instruction	43,049				43,049
Support Services and Undistributed Costs:					
Tuition	298,943	71,551			370,494
Student & Instruction Related Services	1,405,151	16,370			1,421,521
General Administrative Services	428,378				428,378
School Administrative Services	439,363				439,363
Central Services	266,216				266,216
Administrative Information Technology	2,791				2,791
Pupil Transportation	110,948				110,948
Plant Operations and Maintenance	803,714				803,714
Benefits - Allocated and Unallocated	3,615,968				3,615,968
Debt Service:					
Principal				575,000	575,000
Interest and Other Charges				112,200	112,200
Capital Outlay	242,679				242,679
Total Expenditures	11,754,566	220,906		687,200	12,662,672
Excess/(Deficiency) of Revenue over/ (under) Expenditures	1,679,802	5,294	180	(2,156)	1,683,120
OTHER FINANCING SOURCES/(USES)					
Transfers In				180	180
Transfers Out	(12,803)		(180)		(12,983)
Total Other Financing Sources/(Uses)	(12,803)		(180)	180	(12,803)
Net Change in Fund Balances	1,666,999	5,294		(1,976)	1,670,317
Fund Balance—July 1 (as Restated)	4,785,611	43,450	82,655	3,448	4,915,164
Fund Balance—June 30	\$ 6,452,610	\$ 48,744	\$ 82,655	\$ 1,472	\$ 6,585,481

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

MENDHAM BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,670,317
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 depreciation and disposals differ from capital outlays and transfers in the period.		
	Depreciation expense	\$ (444,221)
	Disposals	(40,344)
	Transfers to Business-Type Activities	(35,429)
	Capital outlays	<u>190,495</u>
		(329,499)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		1,806
Repayment of bond 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. (+)		
		575,000
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 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 (+).		
		9,584
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		54,725
The governmental funds report the effect of the deferred amount of refunding relative to an advance refunding when debt is first issued whereas this amount is deferred and amortized in the statement of activities.		
		(11,251)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	131,313
	Changes in Deferred Outflows and Inflows Related to Pensions	<u>(192,355)</u>
Change in Net Position - Governmental Funds (Exhibit A-2)		<u>\$ 1,909,640</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 3,203
Inventories	3,742
	6,945
Total Current Assets	6,945
Capital Assets:	
Furniture and Equipment	174,057
Less: Accumulated Depreciation	(144,677)
	29,380
Total Capital Assets	29,380
Total Assets	36,325
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	2,037
Unearned Revenue - Prepaid Sales	4,665
	6,702
Total Liabilities	6,702
NET POSITION:	
Investment in Capital Assets	29,380
Unrestricted	243
	29,623
Total Net Position	\$ 29,623

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 23,613
Other Non-Reimbursable Sales	6,615
Other Miscellaneous Revenue	<u>5</u>
Total Operating Revenue	<u>30,233</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	17,487
Salaries, Benefits & Payroll Taxes	12,978
Supplies, Insurance & Other Costs	7,436
Management Fee	3,372
Depreciation	6,049
Miscellaneous Expenses	<u>4,507</u>
Total Operating Expenses	<u>51,829</u>
Operating Loss	<u>(21,596)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	<u>6</u>
Total Non-Operating Revenue	<u>6</u>
Change in Net Position Before Transfers	(21,590)
Transfer from General Fund	12,803
Capital Asset Transfer from Governmental Activities	<u>35,429</u>
Changes in Net Position After Transfers	26,642
Net Position - Beginning of Year	<u>2,981</u>
Net Position - End of Year	<u><u>\$ 29,623</u></u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 26,535
Payments to Food Service Vendor	(37,913)
Payments to Suppliers	<u>(4,507)</u>
Net Cash Used for Operating Activities	<u>(15,885)</u>
Cash Flows From Investing Activities:	
Interest Income	<u>6</u>
Net Cash Provided by Investing Activities	<u>6</u>
Cash Flows from Noncapital Financing Activities:	
Transfer from General Fund	<u>12,803</u>
Net Cash Provided by Noncapital Financing Activities	<u>12,803</u>
Net Decrease in Cash and Cash Equivalents	(3,076)
Cash and Cash Equivalents, July 1	<u>6,279</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,203</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (21,596)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	6,049
Changes in Assets and Liabilities:	
Decrease in Inventory	1,671
Increase in Accounts Payable	1,689
(Decrease) in Unearned Revenue - Prepaid Sales	<u>(3,698)</u>
Net Cash Used for Operating Activities	<u>\$ (15,885)</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Mendham Borough 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. 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. 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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

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. Separate statements for each fund category – *governmental and proprietary* - 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 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 and 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 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.

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is 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.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary 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 BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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 budget for the fiscal year ended June 30, 2021 was submitted to the County office and was 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budget amendments/transfers must be made by School Board resolution. 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 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, except for student activities. 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 these payments on the GAAP financial statements.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,433,364	\$ 259,170
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		(32,970)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	23,689	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(22,685)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 13,434,368	\$ 226,200
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,754,566	\$ 253,876
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(32,970)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 11,754,566	\$ 220,906

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to the 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 pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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 sources/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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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, 2021.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. 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. Land has been recorded at estimated historical cost. 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:

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 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 premium 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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2021.

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 accumulated sick days and begin vesting with the employee after fifteen years of service.

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 \$6,452,610 General Fund fund balance at June 30, 2021, \$2,506,740 is restricted in the capital reserve account; \$1,072,717 is restricted in the maintenance reserve account; \$51,796 is restricted for unemployment compensation; \$895,385 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2022, \$886,542 is restricted as current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2023, \$538,941 is assigned for year end encumbrances, and \$500,489 is unassigned which is \$22,685 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2022.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$48,744 and is restricted.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2021 is \$82,655 and is committed.

Debt Service Fund: The Debt Service Fund restricted fund balance at June 30, 2021 is \$1,472, of which \$1,292 has been appropriated and included as anticipated revenue for the year ending June 30, 2022.

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. New Jersey school districts are required to restrict General Fund 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 noted above.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 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 state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2021 of \$1,990,887. This deficit primarily resulted from the net pension liability and related deferred inflows and outflows. The deficit in the governmental activities unrestricted net position does not indicate that the District is facing 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 at June 30, 2021 for the deferred amount on refunding of debt related to the District's refunding bonds and pensions.

The District had deferred inflows of resources related to pensions at June 30, 2021.

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, debt service, unemployment compensation and student activities.

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 of resources. The District has committed resources in the Capital Projects Fund at June 30, 2021.

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 as 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 assigned resources in the General Fund for year-end encumbrances at June 30, 2021.

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.

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

U. 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. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. 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.

W. 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 on the following page.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District 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 and

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 BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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) above; 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 BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 2,889,626	\$ 3,679,997	\$ 6,569,623
	\$ 2,889,626	\$ 3,679,997	\$ 6,569,623

During the period ended June 30, 2021 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$6,569,623 and the bank balance was \$6,908,294.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Mendham Board of Education by inclusion of \$150,000 on July 1, 1996 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 State Department of Education, 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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 2,004,023
Increased by:	
Interest Earnings	2,717
Increased by Board Resolution June 23, 2021	500,000
Ending Balance, June 30, 2021	\$ 2,506,740

The June 30, 2021 Capital Reserve balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$20,000 was established by the Borough of Mendham Board of Education on June 18, 2008. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to 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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 771,681
Increased by:	
Interest Earnings	1,036
Increased by Board Resolution June 23, 2021	300,000
Ending Balance, June 30, 2021	\$ 1,072,717

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District made no transfers to the capital outlay accounts, other than equipment which did not need approval from the County Superintendent.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 251			\$ 251
Construction in Progress	319,240			319,240
Total Capital Assets Not Being Depreciated	<u>319,491</u>			<u>319,491</u>
Capital Assets Being Depreciated:				
Site Improvements	1,447,634		\$ 142,700	1,590,334
Buildings and Building Improvements	12,959,218	\$ 142,940	(115,656)	12,986,502
Machinery and Equipment	1,417,689	47,555	(242,724)	1,222,520
Total Capital Assets Being Depreciated	<u>15,824,541</u>	<u>190,495</u>	<u>(215,680)</u>	<u>15,799,356</u>
Governmental Activities Capital Assets	<u>16,144,032</u>	<u>190,495</u>	<u>(215,680)</u>	<u>16,118,847</u>
Less Accumulated Depreciation for:				
Site Improvements	(839,303)	(48,755)		(888,058)
Buildings and Building Improvements	(6,482,112)	(327,629)		(6,809,741)
Machinery and Equipment	(1,037,428)	(67,837)	139,907	(965,358)
	<u>(8,358,843)</u>	<u>(444,221)</u>	<u>139,907</u>	<u>(8,663,157)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,785,189</u>	<u>\$ (253,726)</u>	<u>\$ (75,773)</u>	<u>\$ 7,455,690</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 91,396		\$ 82,661	\$ 174,057
Less Accumulated Depreciation	<u>(91,396)</u>	<u>\$ (6,049)</u>	<u>(47,232)</u>	<u>(144,677)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ (6,049)</u>	<u>\$ 35,429</u>	<u>\$ 29,380</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 179,579
Special Education Instruction	33,875
Other Instruction	3,764
Student and Instruction Related Services	120,065
General Administration	18,921
School Administration	24,296
Central Services	15,055
Operations and Maintenance of Plant	44,902
Pupil Transportation	3,764
	<u>\$ 444,221</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Bonds Payable	\$ 3,170,000		\$ 575,000	\$ 2,595,000
Compensated Absences Payable	137,049	\$ 15,371	17,177	135,243
Unamortized Bond Premium	328,346		54,725	273,621
Net Pension Liability - PERS	2,386,069		131,313	2,254,756
	\$ 6,021,464	\$ 15,371	\$ 778,215	\$ 5,258,620

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2021 as follows:

Final Maturity Date	<u>Serial Bonds</u> Interest Rate	Amount
3/1/2026	3.00% - 4.00%	\$ 2,595,000

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2022	\$ 570,000	\$ 83,450	\$ 653,450
2023	560,000	66,350	626,350
2024	555,000	43,950	598,950
2025	540,000	27,300	567,300
2026	370,000	11,100	381,100
	\$ 2,595,000	\$ 232,150	\$ 2,827,150

The bond payments will be liquidated by the Debt Service Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds and business type activities in the current year. The long-term liability balance of compensated absences is \$135,243 for Governmental Activities and \$ -0- for Business-type Activities. Compensated absences will be liquidated by the General Fund.

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, 2021 is \$-0- and the long-term portion is \$2,254,756. See Note 9 for further information on the PERS.

E. Bond Premiums:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$54,725 and is separated from the long-term liability balance of \$218,896.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. The following represents the membership tiers for PERS:

Tier	Definition
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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 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 members 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 will be paid by the employer in level annual payments over a period of 15 years, beginning 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 \$151,256 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2020.

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

At June 30, 2021, the District reported a liability of \$2,254,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0138%, which was an increase of 0.132% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$212,578. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 73,147	
	2017	5.48		\$ 213,431
	2018	5.63		209,391
	2019	5.21		166,286
	2020	5.16		354,980
				<u>73,147</u>
Changes in Proportion	2016	5.57	23,140	
	2017	5.48	56,359	
	2018	5.63	202,220	
	2019	5.21		48,511
	2020	5.16	106,048	
				<u>387,767</u>
Difference Between Expected and Actual Experience	2016	5.57	2,220	
	2017	5.48	6,347	
	2018	5.63		7,974
	2019	5.21	12,711	
	2020	5.16	19,777	
				<u>41,055</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(27,593)	
	2018	5.00	(25,589)	
	2019	5.00	6,193	
	2020	5.00	124,058	
				<u>77,069</u>
Contribution Subsequent to Measurement Date	2020	1.00	150,000	
			<u>\$ 729,038</u>	<u>\$ 1,000,573</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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
2021	\$ (282,932)
2022	(257,947)
2023	(147,410)
2024	(59,610)
2025	(12,892)
	\$ (760,791)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. 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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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, 2020 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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,832,074	\$ 2,254,756	\$ 1,755,653

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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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. 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. The following represents the membership tiers for TPAF:

Tier	Definition
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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 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 members 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. For fiscal year 2021, 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 2021, the State of New Jersey contributed \$1,182,876 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,594,920.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$25,648,294. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0389%, which was an increase of 0.0002% from its proportion measured as of June 30, 2019.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. 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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	25,648,294
Total	\$ 25,648,294

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,594,920 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 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	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			7,815,939,253	14,241,964,752
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			986,767,511	182,357,860
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			656,175,235	
			\$ 9,458,881,999	\$ 14,424,322,612

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. 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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the District'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, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 30,126,926	\$ 25,648,294	\$ 21,929,543

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 \$4,519 for the year ended June 30, 2021. Employee contributions to DCRP amounted to \$6,082 for the year ended June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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 School Health Insurance Fund.

Property, Liability and Health Benefits

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Schools Health Insurance Fund (“HIF”) and the New Jersey Schools Insurance Group (“NJSIG”). The HIF provides its members with health benefit coverage and the NJSIG provides 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 HIF and NJSIG are risk-sharing public entity risk pools that are 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 HIF and NJSIG are elected.

As a member of the HIF and NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the HIF and NJSIG were to be exhausted, members would become responsible for their respective shares of the liabilities. The HIF and NJSIG 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.

Selected financial information for HIF and NJSIG as of June 30, 2021 was not available at the time of audit. Selected financial information as of June 30, 2020 is as follows:

	<u>New Jersey Schools Insurance Group</u>	<u>School Health Insurance Fund</u>
Total Assets	\$ 384,022,002	\$ 149,856,532
Net Position	\$ 139,233,105	\$ 111,401,500
Total Revenue	\$ 144,445,665	\$ 283,484,296
Total Expenses	\$ 113,037,156	\$ 243,323,832
Change in Net Position	\$ 31,408,509	\$ 22,963,585
Members Dividends	\$ -0-	\$ 17,196,879

Financial statements for HIF and NJSIG are available at the respective Executive Director’s Office:

School Health Insurance Fund
 PERMA Risk Management Services
 9 Campus Drive
 Suite 216
 Parsippany, NJ 07054

New Jersey Schools Insurance Group
 6000 Midlantic Drive
 Mount Laurel, NJ 08054
 Phone: (609) 386-6060
 Fax: (609) 386-8877

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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 Unemployment Compensation Restricted Fund Balance 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 District’s contributions, employee contributions and interest earned and reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -0-	\$ 10,145	\$ 340	\$ 51,796
2019-2020	-0-	3,926	1,237	41,991
2018-2019	-0-	7,276	3,574	39,302

NOTE 11. 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.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Capital Projects Fund		\$ 1,472
Debt Service Fund	\$ 1,472	
	<u>\$ 1,472</u>	<u>\$ 1,472</u>

The interfund payable from Capital Project Fund is interest earned due to the Debt Service Fund which was not turned over prior to year end.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 13. 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 plan administrators are as follows:

Financial Resources	USAA Life Insurance Company
Lincoln National Insurance	Valic
Lincoln Investment	AXA/Equitable
Metropolitan Life	

Metropolitan Life is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. 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 15. CONTINGENT LIABILITIES

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.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$6,075,000 Refunding Bonds dated November 6, 2014 as the District is considered a small issuer with debt under \$15,000,000.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2021, encumbrances in the governmental funds were:

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 538,941	\$ 38,312	\$ 577,253

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$538,941 is assigned for year-end encumbrances in the General Fund and \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$38,312 less than the actual year-end encumbrances on a budgetary basis. Encumbrances in the Special Revenue Fund are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2021 were:

	General Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Total Business Type Activities
Vendors	\$ 75,142	\$ 75,142		\$ 75,142	\$ 2,037
Payroll Deductions and Withholdings	24,813	24,813		24,813	
Due to State of NJ			\$ 150,000	150,000	
	\$ 99,955	\$ 99,955	\$ 150,000	\$ 249,955	\$ 2,037

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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-notice-oheb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

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%
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MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 18,740,877
Changes for Year:	
Service Cost	655,720
Interest Cost	741,239
Differences Between Expected and Actual Experiences	(3,411,274)
Changes in Assumptions	245,739
Member Contributions	14,997
Gross Benefit Payments	(505,929)
Net Changes	(2,259,508)
Balance at June 30, 2019	\$ 16,481,369

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
	Total OPEB Liability Attributable to the District	\$ 19,471,010	\$ 16,481,369

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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 13,579,913	\$ 16,481,369	\$ 20,322,300

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$256,032 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.

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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Year of Deferral</u>	<u>Original Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 1,918,765
	2018	9.51		1,650,397
	2019	9.29	\$ 219,287	
			<u>219,287</u>	<u>3,569,162</u>
Differences Between Expected and Actual Experience	2018	9.51		1,560,139
	2019	9.29		2,581,016
				<u>4,141,155</u>
Changes in Proportion	N/A	N/A		918,532
			<u>\$ 219,287</u>	<u>\$ 8,628,849</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (1,005,782)
2021	(1,005,779)
2022	(1,005,779)
2023	(1,005,779)
2024	(1,005,779)
Thereafter	(2,462,132)
	<u>\$ (7,491,030)</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Enterprise Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022.

NOTE 19. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 6,394,364	\$ 85,441	\$ 6,479,805
 <u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 4,743,620	\$ 41,991	\$ 4,785,611
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 43,450	\$ 43,450
 <u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 41,991	\$ (41,991)	\$ -0-

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0090659034%	0.0095749628%	0.0107134771%	0.0116706384%	0.0135899404%	0.0132423440%	0.0138265972%
District's proportionate share of the net pension liability	\$ 1,697,385	\$ 2,149,387	\$ 3,173,025	\$ 2,716,738	\$ 2,675,792	\$ 2,386,069	\$ 2,254,756
District's covered employee payroll	\$ 739,333	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	229.58%	292.68%	410.57%	303.15%	290.80%	255.80%	263.33%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 74,738	\$ 82,319	\$ 72,452	\$ 110,568	\$ 136,417	\$ 129,731	\$ 151,256
Contributions in relation to the contractually required contribution	(74,738)	(82,319)	(72,452)	(110,568)	(136,417)	(129,731)	(151,256)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665
Contributions as a percentage of covered employee payroll	10.18%	10.65%	8.08%	12.02%	14.62%	15.15%	17.74%

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 BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0447867418%	0.0432440200%	0.0459372055%	0.0438244037%	0.0447639504%	0.0387182528%	0.0389502856%
State's proportionate share of the net pension liability attributable to the District	\$ 23,937,056	\$ 27,332,067	\$ 36,137,131	\$ 29,547,993	\$ 28,477,864	\$ 23,761,757	\$ 25,648,294
District's covered employee payroll	\$ 4,445,641	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	538.44%	620.16%	791.18%	741.66%	710.93%	524.10%	544.57%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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 BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS - ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 1,288,038	\$ 1,668,869	\$ 2,715,203	\$ 2,046,935	\$ 1,660,160	\$ 1,401,532	\$ 1,594,920
Contributions in relation to the contractually required contribution	<u>(233,793)</u>	<u>(367,791)</u>	<u>(475,702)</u>	<u>(436,105)</u>	<u>(761,494)</u>	<u>(854,329)</u>	<u>(1,182,876)</u>
Contribution deficiency/(excess)	<u>\$ 1,054,245</u>	<u>\$ 1,301,078</u>	<u>\$ 2,239,501</u>	<u>\$ 1,610,830</u>	<u>\$ 898,666</u>	<u>\$ 547,203</u>	<u>\$ 412,044</u>
District's covered employee payroll	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787	\$ 4,755,417
Contributions as a percentage of covered employee payroll	29.23%	8.05%	11.94%	10.89%	16.80%	18.14%	24.87%

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 BOROUGH SCHOOL DISTRICT
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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 915,717	\$ 754,727	\$ 655,720
Interest Cost	700,101	808,159	741,239
Differences Between Expected and Actual Experiences		(2,246,924)	(3,411,274)
Changes in Assumptions	(2,957,943)	(2,150,609)	245,739
Member Contributions	18,814	17,320	14,997
Gross Benefit Payments	(510,941)	(501,124)	(505,929)
Net Change in Total OPEB Liability	(1,834,252)	(3,318,451)	(2,259,508)
Total OPEB Liability - Beginning	23,893,580	22,059,328	18,740,877
Total OPEB Liability - Ending	<u>\$ 22,059,328</u>	<u>\$ 18,740,877</u>	<u>\$ 16,481,369</u>
District's Covered Employee Payroll *	\$ 5,340,344	\$ 4,880,244	\$ 4,925,895
Total OPEB Liability as a Percentage of Covered Employee Payroll	413%	384%	335%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 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 BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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 BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 10,936,410		\$ 10,936,410	\$ 10,936,410	
Tuition from Other Individuals	55,000		55,000	35,633	\$ (19,367)
Transportation Fees from Individuals	8,000		8,000	1,160	(6,840)
Interest Earned on Capital Reserve Funds	1,700		1,700	2,717	1,017
Interest Earned on Maintenance Reserve Funds	360		360	1,036	676
Restricted Miscellaneous Revenue				93	93
Unrestricted Miscellaneous Revenue	50,000		50,000	49,722	(278)
Total - Local Sources	11,051,470		11,051,470	11,026,771	(24,699)
State Sources:					
Categorical Special Education Aid	298,371	\$ (31,479)	266,892	266,892	
Categorical Security Aid	35,667		35,667	35,667	
Categorical Transportation Aid	47,259		47,259	47,259	
Nonpublic Transportation Aid				11,883	11,883
Extraordinary Aid				111,717	111,717
Extraordinary Aid - Prior Year Excess				6,460	6,460
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,182,876	1,182,876
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				377,748	377,748
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,506	22,506
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				942	942
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				342,643	342,643
Total State Sources	381,297	(31,479)	349,818	2,406,593	2,056,775
Total Revenues	11,432,767	(31,479)	11,401,288	13,433,364	2,032,076

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 57,110	\$ 1,350	\$ 58,460	\$ 58,460	
Kindergarten - Salaries of Teachers	316,090		316,090	280,520	\$ 35,570
Grades 1-5 - Salaries of Teachers	1,614,410	(321,920)	1,292,490	1,113,156	179,334
Grades 6-8 - Salaries of Teachers	1,346,225	323,529	1,669,754	1,610,015	59,739
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	22,500	(19,000)	3,500	3,145	355
Purchased Professional-Educational Services	10,880	(3,191)	7,689	7,689	
Other Purchased Services	69,400	45,393	114,793	114,768	25
General Supplies	218,333	203,058	421,391	309,197	112,194
Textbooks	1,908	(1,500)	408	408	
Total Regular Programs - Instruction	3,657,856	227,719	3,885,575	3,497,358	388,217
Resource Room/Resource Center:					
Salaries of Teachers	642,813	(16,147)	626,666	531,843	94,823
Other Salaries for Instruction	93,513		93,513	66,851	26,662
General Supplies	2,219	4,284	6,503	1,314	5,189
Total Resource Room/Resource Center	738,545	(11,533)	727,012	600,008	127,004
Autism:					
Other Salaries for Instruction	62,610		62,610		62,610
Total Autism	62,610		62,610		62,610
Home Instruction:					
Salaries of Teachers - Home Instruction	2,160		2,160		2,160
Total Home Instruction	2,160		2,160		2,160
Total Special Education - Instruction	803,315	(11,533)	791,782	600,008	191,774

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 51,186		\$ 51,186	\$ 29,165	\$ 22,021
Supplies and Materials	650		650		650
Total School-Sponsored Cocurricular Activities	51,836		51,836	29,165	22,671
School-Sponsored Athletics:					
Salaries	45,656	\$ (5,000)	40,656	3,329	37,327
Supplies and Materials	8,880	3,800	12,680	10,555	2,125
Total School-Sponsored Athletics	54,536	(1,200)	53,336	13,884	39,452
Total Instruction	4,567,543	214,986	4,782,529	4,140,415	642,114
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		58,384	58,384	58,384	
Tuition to Private Schools for the Disabled Within the State	664,986	(112,550)	552,436	240,559	311,877
Total Undistributed Expenditures - Instruction	664,986	(54,166)	610,820	298,943	311,877
Health Services:					
Salaries	141,520	(2,203)	139,317	139,316	1
Purchased Professional and Technical Services	4,500	10,000	14,500	10,543	3,957
Supplies and Materials	4,597	500	5,097	4,008	1,089
Total Health Services	150,617	8,297	158,914	153,867	5,047
Speech, OT, PT and Related Services:					
Salaries	72,121	1,680	73,801	65,630	8,171
Purchased Professional - Educational Services	124,055	(26,112)	97,943	79,034	18,909
Supplies and Materials	2,831		2,831	1,825	1,006
Total Speech, OT, PT and Related Services	199,007	(24,432)	174,575	146,489	28,086

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Students - Extraordinary Services:					
Salaries	\$ 71,000	\$ (28,050)	\$ 42,950	\$ 40,367	\$ 2,583
Total Students - Extraordinary Services	71,000	(28,050)	42,950	40,367	2,583
Guidance Services:					
Salaries of Other Professional Staff	130,506	10,110	140,616	140,616	
Salaries of Secretarial & Clerical Assistants	33,669		33,669	33,669	
Other Purchased Professional and Technical Services	7,500	(400)	7,100	2,554	4,546
Supplies and Materials	4,092	(317)	3,775	1,629	2,146
Other Objects	750		750	400	350
Total Guidance Services	176,517	9,393	185,910	178,868	7,042
Child Study Team:					
Salaries of Other Professional Staff	298,974		298,974	284,390	14,584
Salaries of Secretarial and Clerical Assistants	42,148		42,148	42,148	
Purchased Professional - Educational Services	33,390	(4,720)	28,670	6,974	21,696
Purchased Professional - Technical Services	28,450	(1,356)	27,094	4,555	22,539
Other Purchased Services	1,850		1,850	179	1,671
Supplies and Materials	8,413		8,413	7,005	1,408
Other Objects	660		660	485	175
Total Child Study Team	413,885	(6,076)	407,809	345,736	62,073
Improvement of Instructional Staff:					
Salaries of Supervisor of Instruction		134,432	134,432	134,432	
Salaries of Other Professional Staff	16,763	(3,623)	13,140	11,498	1,642
Salaries of Secretarial and Clerical Assistants	36,963	(18)	36,945	36,834	111
Other Salaries	134,431	(129,263)	5,168	3,076	2,092
Supplies and Materials	250	3,665	3,915	2,353	1,562
Other Objects	1,148	(22)	1,126	737	389
Total Improvement of Instructional Staff	189,555	5,171	194,726	188,930	5,796

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 120,769	\$ 889	\$ 121,658	\$ 121,658	
Salaries of Technology Coordinators	103,093		103,093	103,093	
Other Purchased Services	132,631	31,162	163,793	121,454	\$ 42,339
Supplies and Materials	7,194	(1,163)	6,031	2,739	3,292
Other Objects	600		600	575	25
Total Educational Media Services/School Library	364,287	30,888	395,175	349,519	45,656
Instructional Staff Training Services:					
Other Purchased Services	5,000	(3,500)	1,500	1,375	125
Total Instructional Staff Training Services	5,000	(3,500)	1,500	1,375	125
Support Services - General Administration:					
Salaries	263,372	436	263,808	263,804	4
Legal Services	30,000	17,500	47,500	43,419	4,081
Audit Fees	47,050	4,050	51,100	25,050	26,050
Other Purchased Professional Services	5,500	(3,943)	1,557	1,095	462
Communications/Telephone	10,440		10,440	7,242	3,198
Other Purchased Services (400-500 series)	44,312	(6,637)	37,675	34,284	3,391
General Supplies	5,372	(375)	4,997	3,658	1,339
Judgements against the School District	2,000		2,000	1,844	156
BOE In-House Training/Meeting Supplies	11,100	35,000	35,000	35,000	
Miscellaneous Expenditures	419,146	2,895	13,995	12,982	1,013
Total Support Services - General Administration	419,146	48,926	468,072	428,378	39,694
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	283,799	7,587	291,386	291,386	
Salaries of Secretarial and Clerical Assistants	102,316	23,946	126,262	126,262	
Other Salaries		2,021	2,021	2,021	
Other Purchased Services	750	(701)	49	49	
Supplies and Materials	7,828	8,799	16,627	16,622	5
Other Objects	5,438	(2,415)	3,023	3,023	
Total Support Services - School Administration	400,131	39,237	439,368	439,363	5

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Support Services - Central Services:					
Salaries	\$ 240,105	\$ 159	\$ 240,264	\$ 240,264	\$ 9,035
Purchased Professional Services	10,752	12,182	22,934	13,899	619
Miscellaneous Purchased Services	1,700	(341)	1,359	740	486
Supplies and Materials	11,769	(1,285)	10,484	9,998	35
Miscellaneous Expenditures	2,500	(1,150)	1,350	1,315	10,175
Total Support Services - Central Services	266,826	9,565	276,391	266,216	10,175
Administrative Information Technology:					
Salaries	5,000		5,000	2,791	2,209
Total Administrative Information Technology	5,000		5,000	2,791	2,209
Custodial Services:					
Salaries	311,075	(19,831)	291,244	269,918	21,326
Purchased Professional Services	3,000		3,000	3,000	3,000
Cleaning, Repair and Maintenance Services	14,000		14,000	12,932	1,068
Other Purchased Property Services	23,000		23,000	18,308	4,692
Insurance	51,605	270	51,875	51,874	1
Miscellaneous Purchased Services	2,000	(270)	1,730	1,730	1,730
General Supplies	72,966	(7,469)	65,497	64,638	859
Energy (Natural Gas)	97,800	(31,302)	66,498	31,311	35,187
Energy (Electricity)	133,206	475	133,681	105,695	27,986
Total Custodial Services	708,652	(58,127)	650,525	554,676	95,849
Required Maintenance of School Facilities:					
Salaries	75,607	(31,600)	44,007	43,336	671
Cleaning, Repair and Maintenance Services	145,394	(6,187)	139,207	85,334	53,873
General Supplies	14,148	9,927	24,075	11,607	12,468
Other Objects	2,250	400	2,650	1,068	1,582
Total Required Maintenance of School Facilities	237,399	(27,460)	209,939	141,345	68,594

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance Services	\$ 50,000	\$ 23,575	\$ 73,575	\$ 49,971	\$ 23,604
General Supplies	5,000	(1,450)	3,550	662	2,888
Total Care and Upkeep of Grounds	55,000	22,125	77,125	50,633	26,492
Security:					
Purchased Professional Services	54,901		54,901	39,603	15,298
General Supplies	20,982		20,982	17,457	3,525
Total Security	75,883		75,883	57,060	18,823
Student Transportation Services:					
Other than Between Home and School - Vendors	20,000		20,000		20,000
Between Home and School - Joint Agreements	80,000		80,000	79,980	20
Special Education Students - ESCs and CTAS	169,000	(35,750)	133,250	1,718	131,532
Aid in Lieu Payments - Non-Public School	30,000	750	30,750	29,250	1,500
Total Student Transportation Services	299,000	(35,000)	264,000	110,948	153,052
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	81,917	(81,917)			
Workmen's Compensation	40,471	(40,471)			
Health Benefits	821,956	(821,956)			
Total Regular Programs - Instruction	944,344	(944,344)			
Special Programs - Instruction:					
Social Security Contributions	20,061	(20,061)			
Workmen's Compensation	9,132	(9,132)			
Health Benefits	158,957	(158,957)			
Total Special Programs - Instruction	188,150	(188,150)			
Other Instructional Programs - Instruction:					
Social Security Contributions	8,359	(8,359)			
Total Instructional Programs - Instruction	8,359	(8,359)			

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 4,488	\$ (4,488)			
Workmen's Compensation	3,044	(3,044)			
Health Benefits	37,569	(37,569)			
Total Health Services	<u>45,101</u>	<u>(45,101)</u>			
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	2,244	(2,244)			
Workmen's Compensation	1,522	(1,522)			
Health Benefits	20,068	(20,068)			
Total Other Support Services - Speech, OT, PT and Related Services	<u>23,834</u>	<u>(23,834)</u>			
Guidance Services:					
Social Security Contributions	3,366	(3,366)			
Workmen's Compensation	1,624	(1,624)			
Health Benefits	18,798	(18,798)			
Total Guidance Services	<u>23,788</u>	<u>(23,788)</u>			
Child Study Team:					
Social Security Contributions	11,117	(11,117)			
Health Benefits	123,864	(123,864)			
Total Child Study Team	<u>134,981</u>	<u>(134,981)</u>			
Improvement of Instruction Services:					
Social Security Contributions	13,373	(13,373)			
Workmen's Compensation	3,044	(3,044)			
Health Benefits	21,688	(21,688)			
Total Improvement of Instruction Services	<u>38,105</u>	<u>(38,105)</u>			

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Allocated Benefits:					
Educational Media Services/School Library:					
Social Security Contributions	\$ 8,359	\$ (8,359)			
Workmen's Compensation	5,023	(5,023)			
Health Benefits	67,213	(67,213)			
Total Educational Media Services/School Library	<u>80,595</u>	<u>(80,595)</u>			
Unallocated Benefits:					
Social Security Contributions	11,701	153,284	\$ 164,985	\$ 104,348	\$ 60,637
Other Retirement Contributions - PERS	150,000	2,981	152,981	151,256	1,725
Other Retirement Contributions - Regular	17,140	4,519	4,519	4,519	
Workmen's Compensation	493,104	59,860	77,000	45,678	31,322
Health Benefits	25,000	1,133,121	1,626,225	1,300,109	326,116
Tuition Reimbursement	112,400	(8,520)	16,480	10,481	5,999
Other Employee Benefits	28,000	9,162	121,562	72,862	48,700
Unused Sick Payment to Terminated/Retired Staff		(28,000)			
Total Unallocated Benefits	<u>837,345</u>	<u>1,326,407</u>	<u>2,163,752</u>	<u>1,689,253</u>	<u>474,499</u>
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,182,876	(1,182,876)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				377,748	(377,748)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,506	(22,506)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				942	(942)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				342,643	(342,643)
Total On-Behalf Contributions				<u>1,926,715</u>	<u>(1,926,715)</u>
Total Personal Services - Employee Benefits	<u>2,324,602</u>	<u>(160,850)</u>	<u>2,163,752</u>	<u>3,615,968</u>	<u>(1,452,216)</u>
Total Undistributed Expenditures	<u>7,026,493</u>	<u>(224,059)</u>	<u>6,802,434</u>	<u>7,371,472</u>	<u>(569,038)</u>
Total Current Expense	<u>11,594,036</u>	<u>(9,073)</u>	<u>11,584,963</u>	<u>11,511,887</u>	<u>73,076</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 32,000	\$ 22,508	\$ 54,508	\$ 33,145	\$ 21,363
Total Equipment	<u>32,000</u>	<u>22,508</u>	<u>54,508</u>	<u>33,145</u>	<u>21,363</u>
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	40,000	(17,635)	22,365	15,042	7,323
Other Objects- Debt Service Assessment	33,463		33,463	33,463	
Construction Services	500,000	(27,279)	472,721	161,029	311,692
Total Facilities Acquisition and Construction Services	<u>573,463</u>	<u>(44,914)</u>	<u>528,549</u>	<u>209,534</u>	<u>319,015</u>
Total Capital Outlay	<u>605,463</u>	<u>(22,406)</u>	<u>583,057</u>	<u>242,679</u>	<u>340,378</u>
Total Expenditures	<u>12,199,499</u>	<u>(31,479)</u>	<u>12,168,020</u>	<u>11,754,566</u>	<u>413,454</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(766,732)</u>		<u>(766,732)</u>	<u>1,678,798</u>	<u>2,445,530</u>
Other Financing Uses:					
Transfer to Food Service Enterprise Fund	(12,935)		(12,935)	(12,803)	132
Total Other Financing Uses	<u>(12,935)</u>		<u>(12,935)</u>	<u>(12,803)</u>	<u>132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	<u>(779,667)</u>		<u>(779,667)</u>	<u>1,665,995</u>	<u>2,445,662</u>
Fund Balance, July 1 (as Restated)	<u>4,809,300</u>		<u>4,809,300</u>	<u>4,809,300</u>	
Fund Balance, June 30	<u>\$ 4,029,633</u>	<u>\$ -0-</u>	<u>\$ 4,029,633</u>	<u>\$ 6,475,295</u>	<u>\$ 2,445,662</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

Recapitulation:	
Restricted for:	
Maintenance Reserve Account	\$ 1,072,717
Capital Reserve Account	2,506,740
Excess Surplus - 2022-2023	886,542
Excess Surplus - 2021-2022	895,385
Unemployment Compensation	51,796
Assigned Fund Balance:	
Year End Encumbrances	538,941
Unassigned	523,174
	6,475,295
Reconciliation to Governmental Fund Statement (GAAP):	
Last Two State Aid Payments not Recognized on a GAAP Basis	(22,685)
Fund Balance per Governmental Funds (GAAP)	\$ 6,452,610

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 74,978	\$ 74,978	\$ 66,062	\$ 8,916
State Sources	3,200	(157)	3,043	3,435	(392)
Federal Sources	150,015	47,762	197,777	189,673	8,104
Total Revenue	153,215	122,583	275,798	259,170	16,628
Expenditures:					
Instruction:					
Salaries of Teachers	13,533	(1,615)	11,918	8,524	3,394
Purchased Professional and Technical Services	8,600	(2,711)	5,889	5,889	
Tuition	110,986	(39,435)	71,551	71,551	
General Supplies	3,492	41,202	44,694	37,194	7,500
Total Instruction	136,611	(2,559)	134,052	123,158	10,894
Support Services:					
Salaries of Other Professional Staff	900	4,784	5,684	4,859	825
Purchased Professional and Technical Services	4,028	47,827	51,855	42,032	9,823
Other Purchased Services	10,276	12,126	22,402	27,317	(4,915)
Supplies and Materials	1,400	2,327	3,727	3,726	1
Student Activities			16,370	16,370	
Total Support Services	16,604	67,064	100,038	94,304	5,734
Facilities Acquisition and Construction Services:					
Instructional Equipment		36,414	36,414	36,414	
Total Facilities Acquisition and Construction Services		36,414	36,414	36,414	
Total Expenditures	153,215	100,919	270,504	253,876	16,628
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ 21,664	\$ 5,294	\$ 5,294	\$ -0-

MENDHAM BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 13,433,364	\$ 259,170
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances and Revenue whereas the GAAP Basis does not.		(32,970)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	23,689	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(22,685)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 13,434,368	 \$ 226,200
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,754,566	\$ 253,876
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(32,970)
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 11,754,566	 \$ 220,906

MENDHAM BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (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. 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, except for student activities. 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 the 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 these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Aid				Digital Divide Grant
	2020-2021	2019-2020			
	Title IV	Title II A	Title I	Title IV	Title II A
REVENUE:					
State Sources					
Federal Sources	\$ 10,000	\$ 6,561	\$ 13,500	\$ 2,456	\$ 1,635
Local Sources					
Total Revenue	<u>10,000</u>	<u>6,561</u>	<u>13,500</u>	<u>2,456</u>	<u>1,635</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers			8,524		
Purchased Professional and Technical Services					
Tuition					
General Supplies	302	750	2,150	2,456	
Total Instruction	<u>302</u>	<u>750</u>	<u>10,674</u>	<u>2,456</u>	<u>2,226</u>
Support Services:					
Salaries of Other Professional Staff		1,115	2,826		
Purchased Professional & Technical Services	4,985				
Other Purchased Services	2,562	4,696			1,635
Supplies and Materials	2,151				
Student Activities					
Total Support Services	<u>9,698</u>	<u>5,811</u>	<u>2,826</u>		<u>1,635</u>
Facilities Acquisition:					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 10,000</u>	<u>\$ 6,561</u>	<u>\$ 13,500</u>	<u>\$ 2,456</u>	<u>\$ 1,635</u>
					<u>\$ 2,226</u>

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Non-Public Digital	Non-Public Nursing	Nonpublic Security	Nonpublic Textbooks	Local Grants	Coronavirus Relief Fund
REVENUE:						
State Sources	\$ 392	\$ 918	\$ 1,575	\$ 550		\$ 13,611
Federal Sources					\$ 44,398	
Local Sources					44,398	
Total Revenue	392	918	1,575	550	44,398	13,611
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition						
General Supplies	392			550		13,611
Total Instruction	392			550		13,611
Support Services:		918				
Salaries of Other Professional Staff						
Purchased Professional & Technical Services					7,984	
Other Purchased Services			1,575			
Supplies and Materials						
Student Activities						
Total Support Services		918	1,575		7,984	
Facilities Acquisition:						
Instructional Equipment					36,414	
Total Facilities Acquisition					36,414	
Total Expenditures	\$ 392	\$ 918	\$ 1,575	\$ 550	\$ 44,398	\$ 13,611

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CARES		IDEA Part B		Student Activities	Totals June 30, 2021
	Emergency Relief	Preschool	Preschool	Basic		
REVENUE:						
State Sources						
Federal Sources	\$ 12,731	\$ 9,816	\$ 9,816	\$ 117,137	\$ 21,664	\$ 3,435
Local Sources						189,673
Total Revenue	12,731	9,816	9,816	117,137	21,664	66,062
EXPENDITURES:						
Instruction:						
Salaries of Teachers						8,524
Purchased Professional and Technical Services			5,889			5,889
Tuition				71,551		71,551
General Supplies	12,731			2,026		37,194
Total Instruction	12,731		5,889	73,577		123,158
Support Services:						
Salaries of Other Professional Staff						4,859
Purchased Professional & Technical Services			3,927	33,120		42,032
Other Purchased Services				10,440		27,317
Supplies and Materials						3,726
Student Activities					16,370	16,370
Total Support Services			3,927	43,560	16,370	94,304
Facilities Acquisition:						
Instructional Equipment						36,414
Total Facilities Acquisition						36,414
Total Expenditures	\$ 12,731	\$ 9,816	\$ 9,816	\$ 117,137	\$ 16,370	\$ 253,876

CAPITAL PROJECTS FUND

MENDHAM BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue:	
Interest Income	\$ 180
Total Revenue	<u>180</u>
Other Financing Uses:	
Transfers Out:	
Debt Service Fund	<u>(180)</u>
Total Other Financing Uses	<u>(180)</u>
Excess of Revenue Over Other Financing Uses	<u>-0-</u>
Fund Balance - Beginning of Year	<u>82,655</u>
Fund Balance - End of Year	<u><u>\$ 82,655</u></u>
 <u>Recapitulation:</u>	
Committed - Fund Balance Budgetary Basis	<u>\$ 82,655</u>
Committed - Fund Balance GAAP Basis	<u><u>\$ 82,655</u></u>

MENDHAM BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HILLTOP ELEMENTARY MASONRY REPAIR/ WINDOW REPAIR/REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 127,696	\$ 127,696	\$ 127,696
Transfer from Capital Reserve Account	274,199	274,199	274,199
Total Revenue and Other Financing Sources	<u>401,895</u>	<u>401,895</u>	<u>401,895</u>
Expenditures			
Purchased Professional and Technical Services	25,365	25,365	32,000
Construction Services	293,875	293,875	397,655
Total Expenditures	<u>319,240</u>	<u>319,240</u>	<u>429,655</u>
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 82,655</u>	<u>\$ 82,655</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3090-050-14-1001
Grant Date	3/28/2014
Original Authorized Cost	\$ 456,998
Revised Authorized Cost	\$ 347,000
Percentage Decrease from Original Authorized Cost	24.07%
Percentage Completion	100.00%
Original Target Completion Date	9/2014
Revised Target Completion Date	Not Applicable

PROPRIETARY FUNDS

MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 3,203
Inventories	3,742

Total Current Assets	6,945
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Capital Assets:

Furniture and Equipment	174,057
Less: Accumulated Depreciation	(144,677)

Total Capital Assets	29,380
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Total Assets	36,325
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	2,037
Unearned Revenue - Prepaid Sales	4,665

Total Liabilities	6,702
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NET POSITION:

Investment in Capital Assets	29,380
Unrestricted	243

Total Net Position	\$ 29,623
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MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating revenue	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 23,613
Other Non-Reimbursable Sales	6,615
Other Miscellaneous Revenue	<u>5</u>
Total Operating Revenue	<u>30,233</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	17,487
Salaries, Benefits & Payroll Taxes	12,978
Supplies, Insurance & Other Costs	7,436
Management Fee	3,372
Depreciation Expense	6,049
Miscellaneous Expenses	<u>4,507</u>
Total Operating Expenses	<u>51,829</u>
Operating Loss	<u>(21,596)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	<u>6</u>
Total Non-Operating Revenue	<u>6</u>
Change in Net Position Before Transfers	(21,590)
Transfer from General Fund	12,803
Capital Asset Transfer from Governmental Activities	<u>35,429</u>
Changes in Net Position After Transfers	26,642
Net Position - Beginning of Year	<u>2,981</u>
Net Position - End of Year	<u><u>\$ 29,623</u></u>

MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 26,535
Payments to Food Service Vendor	(37,913)
Payments to Suppliers	(4,507)
Net Cash Used for Operating Activities	<u>(15,885)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	6
Board Contribution - General Fund	12,803
Net Cash Provided by Noncapital Financing Activities	<u>12,809</u>
Net Decrease in Cash and Cash Equivalents	(3,076)
Cash and Cash Equivalents, July 1	<u>6,279</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,203</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (21,596)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	6,049
Changes in Assets and Liabilities:	
Decrease in Inventory	1,671
Increase in Accounts Payable	1,689
(Decrease) in Unearned Revenue - Prepaid Sales	(3,698)
Net Cash Used for Operating Activities	<u>\$ (15,885)</u>

FIDUCIARY FUNDS
(NOT APPLICABLE)

LONG-TERM DEBT

MENDHAM BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds					Balance June 30, 2021
			Outstanding June 30, 2021		Interest Rate	Balance June 30, 2020	Matured	
			Date	Amount				
2014 Series Refunding Bonds	12/02/2014	\$ 6,075,000	3/1/2022	\$ 570,000	3.000%	\$ 3,170,000	\$ 575,000	\$ 2,595,000
			3/1/2023	560,000	4.000%			
			3/1/2024	555,000	3.000%			
			3/1/2025	540,000	3.000%			
			3/1/2026	370,000	3.000%			
						<u>\$ 3,170,000</u>	<u>\$ 575,000</u>	<u>\$ 2,595,000</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 685,044	\$ 685,044	\$ 685,044	
Total Revenue	685,044	685,044	685,044	
EXPENDITURES:				
Regular Debt Service:				
Interest	112,200	112,200	112,200	
Redemption of Principal	575,000	575,000	575,000	
Total Regular Debt Service	687,200	687,200	687,200	
Total Expenditures	687,200	687,200	687,200	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(2,156)	(2,156)	(2,156)	
Other Financing Sources:				
Capital Projects Fund - Interest Earned			180	\$ 180
Total Other Financing Sources	-0-	-0-	180	180
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(2,156)	(2,156)	(1,976)	180
Fund Balance, July 1	3,448	3,448	3,448	-0-
Fund Balance, June 30	\$ 1,292	\$ 1,292	\$ 1,472	\$ 180
<u>Recapitulation:</u>				
Restricted			\$ 180	
Restricted for Subsequent Year's Expenditures			1,292	
			\$ 1,472	

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

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	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 BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,712,067	\$ 4,043,186	\$ 1,939,282	\$ 3,533,362	\$ 3,874,760	\$ 3,806,897	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,916,936
Restricted	1,108,069	1,535,080	1,208,453	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396
Unrestricted/(Deficit)	63,644	(13,514)	(1,794,337)	(2,312,981)	(2,314,846)	(1,890,873)	(2,544,616)	(2,658,641)	(2,583,465)	(1,990,887)
Total Governmental Activities Net Position	\$ 4,883,780	\$ 5,564,752	\$ 1,353,398	\$ 2,276,873	\$ 2,871,379	\$ 3,625,440	\$ 2,980,331	\$ 4,354,350	\$ 6,479,805	\$ 8,389,445
Business-Type Activities:										
Investment in Capital Assets	\$ 22,695	\$ 16,668	\$ 21,729	\$ 20,416	\$ 8,591	\$ 3,899				\$ 29,380
Unrestricted/(Deficit)	4,707	2,688	(959)	1,688	(3,702)	5,691	8,004	3,442	2,981	243
Total Business-Type Activities Net Position	\$ 27,402	\$ 19,356	\$ 20,770	\$ 22,104	\$ 4,889	\$ 9,590	\$ 8,004	\$ 3,442	\$ 2,981	\$ 29,623
District-Wide:										
Net Investment in Capital Assets	\$ 3,734,762	\$ 4,059,854	\$ 1,961,011	\$ 3,553,778	\$ 3,883,351	\$ 3,810,796	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,946,316
Restricted	1,108,069	1,535,080	1,208,453	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396
Unrestricted/(Deficit)	68,351	(10,826)	(1,795,296)	(2,311,293)	(2,318,548)	(1,885,182)	(2,536,612)	(2,655,199)	(2,580,484)	(1,990,644)
Total District Net Position	\$ 4,911,182	\$ 5,584,108	\$ 1,374,168	\$ 2,298,977	\$ 2,876,268	\$ 3,635,030	\$ 2,988,335	\$ 4,357,792	\$ 6,482,786	\$ 8,419,068

* Restated

Source: School District Financial Reports

MENDHAM BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 4,684,574	\$ 4,883,460	\$ 4,869,654	\$ 5,751,753	\$ 6,312,295	\$ 7,045,914	\$ 6,549,367	\$ 6,030,871	\$ 5,389,382	\$ 5,961,641
Special Education	851,995	964,696	925,829	916,686	1,205,337	1,317,990	1,343,679	1,383,381	1,128,171	1,119,347
School-Sponsored/Other Instruction	68,081	106,104	107,527	89,683	84,762	98,615	122,234	96,801	333,048	304,963
Support Services:										
Tuition	421,473	335,006	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494
Student & Instruction Related Services	1,413,630	1,481,159	1,522,972	1,861,931	2,003,160	2,121,192	2,211,466	2,476,396	1,925,112	2,154,932
General Administrative Services	458,764	396,745	476,372	441,942	347,787	361,196	419,805	394,511	445,427	523,991
School Administrative Services	405,599	486,753	500,426	491,406	532,630	531,481	516,622	467,142	538,138	580,809
Central Services	219,915	227,674	235,687	244,826	240,447	259,776	269,513	262,176	389,235	410,513
Plant Operations and Maintenance	1,180,338	1,240,889	1,031,072	1,211,672	1,089,433	1,174,984	2,737,757	1,458,203	1,405,620	1,025,181
Pupil Transportation	211,566	209,032	257,778	240,034	276,940	324,340	313,428	213,450	107,389	115,054
Capital Outlay	372,795	22,076	33,463	40,062	40,062	153,459	90,542	165,306	33,463	52,184
Interest on Long-Term Debt		334,369	311,544	160,746	193,975	170,575	145,392	116,642	87,892	59,142
Total Governmental Activities Expenses	10,288,730	10,687,963	10,854,366	12,118,769	13,035,101	14,240,231	15,311,923	13,613,194	12,152,760	12,678,251
Business-Type Activities:										
Food Service	185,207	170,442	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829
Total Business-type Activities Expense	185,207	170,442	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829
Total District Expenses	\$ 10,473,937	\$ 10,858,405	\$ 11,017,825	\$ 12,267,177	\$ 13,217,778	\$ 14,413,279	\$ 15,490,497	\$ 13,802,390	\$ 12,283,159	\$ 12,730,080
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition			\$ 50,000	\$ 54,165	\$ 16,265	\$ 15,000	\$ 33,260	\$ 61,700	\$ 51,550	\$ 35,633
Student Activities						3,990,648	3,395,325	3,501,453	2,604,945	2,902,464
Operating Grants and Contributions	\$ 1,358,063	\$ 1,504,664	1,422,571	2,580,280	3,038,132	3,990,648	3,395,325	3,501,453	2,604,945	2,902,464
Capital Grants and Contributions	4,320									
Total Governmental Activities Program Revenues	1,362,383	1,504,664	1,472,571	2,634,445	3,054,397	4,005,648	3,428,585	3,563,153	2,656,495	2,959,761
Business-Type Activities:										
Charges for Services:										
Food Service	154,885	147,012	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233
Operating Grants and Contributions	13,438	10								
Total Business-type Activities Program Revenues	168,323	147,022	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233
Total District Program Revenues	\$ 1,530,706	\$ 1,651,686	\$ 1,617,234	\$ 2,773,325	\$ 3,213,063	\$ 4,165,034	\$ 3,588,431	\$ 3,732,386	\$ 2,770,832	\$ 2,989,994

MENDHAM BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental Activities	\$ (8,926,347)	\$ (9,183,299)	\$ (9,381,795)	\$ (9,484,324)	\$ (9,980,704)	\$ (10,234,583)	\$ (11,883,338)	\$ (10,050,041)	\$ (9,496,265)	\$ (9,718,490)
Business-type Activities	(16,884)	(23,420)	(18,796)	(9,528)	(24,011)	(13,662)	(18,728)	(19,963)	(16,062)	(21,596)
Total District-wide Net Expense	\$ (8,943,231)	\$ (9,206,719)	\$ (9,400,591)	\$ (9,493,852)	\$ (10,004,715)	\$ (10,248,245)	\$ (11,902,066)	\$ (10,070,004)	\$ (9,512,327)	\$ (9,740,086)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,802,752	\$ 8,890,779	\$ 8,890,779	\$ 9,328,709	\$ 9,691,287	\$ 10,192,738	\$ 10,396,593	\$ 10,603,863	\$ 10,710,570	\$ 10,936,410
Taxes Levied for Debt Service	921,981	926,681	934,744	925,144	830,250	737,485	773,082	744,700	715,048	685,044
Federal and State Aid not Restricted				127,696						
Investment Earnings	3,958	2,663	2,789	1,773	2,101	5,166	5,511	6,267	11,275	11,895
Miscellaneous Income	55,358	44,148	102,925	30,008	58,442	63,255	68,001	75,459	189,754	43,013
Transfers				(5,531)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(48,232)
Total Governmental Activities	\$ 9,784,049	\$ 9,864,271	\$ 9,931,237	\$ 10,407,799	\$ 10,575,210	\$ 10,988,644	\$ 11,238,229	\$ 11,424,060	\$ 11,621,720	\$ 11,628,130
Business-Type Activities:										
Investment Earnings	\$ 10,574	\$ 15,374	\$ 20,210	\$ 7,581	\$ 7,059	\$ 8,363	\$ 12,184	\$ 9,172	\$ 10,670	\$ 6
Miscellaneous Income				5,531	6,870	10,000	4,958	6,229	4,927	48,232
Transfers										
Total Business-Type Activities	10,574	15,374	20,210	13,112	13,929	18,363	17,142	15,401	15,601	48,238
Total District-Wide General Revenue	9,794,623	9,879,645	9,951,447	10,420,911	10,589,139	11,007,007	11,255,371	11,439,461	11,637,321	11,676,368
Governmental Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment										
Business-Type Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment				(2,250)		(7,133)				
Total Special Items					(2,250)		(7,133)			
Change in Net Position:										
Governmental Activities	857,702	680,972	(2,187,990)	923,475	594,506	754,061	(645,109)	1,374,019	2,125,455	1,909,640
Business-type Activities	(6,310)	(8,046)	1,414	1,334	(17,215)	4,701	(1,586)	(4,562)	(461)	26,642
Total District	\$ 851,392	\$ 672,926	\$ (2,186,576)	\$ 924,809	\$ 577,291	\$ 758,762	\$ (646,695)	\$ 1,369,457	\$ 2,124,994	\$ 1,936,282

MENDHAM BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 1,108,069	\$ 1,522,980	\$ 1,208,453	\$ 987,127	\$ 1,241,732	\$ 1,709,416	\$ 1,981,046	\$ 2,987,411	\$ 4,333,686	\$ 5,413,180
Assigned	51,699	172,650	172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941
Unassigned	294,763	293,336	308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489
Total General Fund	\$ 1,454,531	\$ 1,816,316	\$ 1,689,451	\$ 1,320,743	\$ 1,555,421	\$ 2,076,730	\$ 2,367,608	\$ 3,336,656	\$ 4,785,611	\$ 6,452,610
All Other Governmental Funds:										
Restricted	\$	125	\$ 160	\$ 69,365	\$ 69,733	\$ 1,050	\$ 1,584	\$ 3,058	\$ 46,898	\$ 50,216
Committed, Reported in: Capital Projects Fund				82,655	82,655	82,655	82,655	82,655	82,655	82,655
Total All Other Governmental Funds	\$ -0-	\$ 125	\$ 160	\$ 152,020	\$ 152,388	\$ 83,705	\$ 84,239	\$ 85,713	\$ 129,553	\$ 132,871
Governmental Funds:										
Restricted	\$ 1,108,069	\$ 1,523,105	\$ 1,208,613	\$ 1,056,492	\$ 1,311,465	\$ 1,710,466	\$ 1,982,630	\$ 2,990,469	\$ 4,380,584	\$ 5,463,396
Assigned	51,699	172,650	172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941
Committed				82,655	82,655	82,655	82,655	82,655	82,655	82,655
Unassigned	294,763	293,336	308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489
Total Governmental Funds	\$ 1,454,531	\$ 1,816,441	\$ 1,689,611	\$ 1,472,763	\$ 1,707,809	\$ 2,160,435	\$ 2,451,847	\$ 3,422,369	\$ 4,915,164	\$ 6,585,481

* Restated

Source: School District Financial Reports

MENDHAM BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 UNAUDITED

	For the Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 9,724,733	\$ 9,817,460	\$ 9,825,523	\$ 10,253,853	\$ 10,521,537	\$ 10,930,223	\$ 11,169,675	\$ 11,348,563	\$ 11,425,618	\$ 11,621,454
Tuition Charges	33,550	45,961	50,000	54,165	16,265	15,000	33,260	61,700	51,550	35,633
Interest Earnings	3,958	2,663	2,789	1,773	2,101	5,166	5,511	6,267	8,402	8,142
Miscellaneous	84,122	48,826	125,327	30,008	58,863	88,626	77,863	79,383	185,108	75,929
State Sources	1,068,392	1,302,240	1,208,107	1,481,852	1,545,732	1,624,233	1,859,540	1,941,380	1,931,432	2,411,032
Federal Sources	231,677	151,785	192,062	171,879	190,901	101,543	154,201	237,056	182,248	193,602
Total Revenue	11,146,432	11,368,935	11,403,808	11,993,530	12,335,399	12,764,791	13,300,050	13,674,349	13,784,358	14,345,792
Expenditures:										
Instruction										
Regular Instruction	3,445,555	3,576,032	3,478,733	3,558,438	3,402,854	3,461,867	3,635,841	3,274,789	3,322,806	3,574,941
Special Education Instruction	604,702	660,853	669,484	539,080	648,494	634,961	729,483	760,311	679,389	655,410
School-Sponsored/Other Instruction	62,275	96,363	101,356	86,519	83,324	91,520	114,834	96,801	78,168	43,049
Support Services:										
Tuition	421,473	335,006	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494
Student & Instruction Related Services	1,049,128	1,044,598	1,074,382	1,180,869	1,218,774	1,193,356	1,214,041	1,324,064	1,479,421	1,421,521
General Administrative Services	433,096	338,396	331,894	363,180	320,775	326,380	370,769	363,978	365,927	428,378
School Administrative Services	360,975	386,299	386,198	402,728	513,695	477,036	407,860	411,265	409,170	439,363
Central Services	171,569	173,727	736,752	637,244	232,780	241,502	254,455	253,079	276,946	266,216
Administrative Information Technology										2,791
Pupil Transportation	211,566	209,032	257,778	244,992	276,940	324,340	313,428	213,450	107,389	110,948
Plant Operations and Maintenance	685,453	714,404	187,767	207,771	699,059	818,254	910,251	1,001,140	794,541	803,714
Allocated and Unallocated Benefits	2,130,061	2,383,594	2,402,383	2,565,870	3,026,671	2,912,626	3,117,393	3,164,653	3,201,198	3,615,968
Capital Outlay	74,764	162,040	387,125	849,214	131,594	332,764	569,757	541,053	589,169	242,679
Debt Service:										
Principal	560,000	585,000	615,000	640,000	585,000	585,000	575,000	575,000	575,000	575,000
Interest and Other Charges	361,981	341,681	319,744	220,852	245,250	221,850	198,450	169,700	140,950	112,200
Total Expenditures	10,572,598	11,007,025	11,530,638	12,204,847	12,093,483	12,302,165	13,003,680	12,697,598	12,389,957	12,662,672
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	573,834	361,910	(126,830)	(211,317)	241,916	462,626	296,370	976,751	1,394,401	1,683,120
Other Financing Sources/(Uses):										
Serial Bonds Issued				\$ 6,075,000						
Bond Premium				656,691						
Serial Bonds Defeased				(6,515,000)						
Bond Issuance Costs				(81,699)						
Deferred Amount on Refunding				(134,992)						
Transfers In	\$ 4,499	\$ 105	\$ 35	\$ 274,366	\$ 368	\$ 682	\$ 902	\$ 1,474	\$ 1,292	\$ 180
Transfers Out	(4,499)	(105)	(35)	(279,897)	(7,238)	(10,682)	(5,860)	(7,703)	(6,219)	(12,983)
Total Other Financing Sources/(Uses)				(5,531)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(12,803)
Net Change in Fund Balances	\$ 573,834	\$ 361,910	\$ (126,830)	\$ (216,848)	\$ 235,046	\$ 452,626	\$ 291,412	\$ 970,522	\$ 1,389,474	\$ 1,670,317
Debt Service as a Percentage of Noncapital Expenditures	8.8%	8.5%	8.4%	7.6%	6.9%	6.7%	6.2%	6.1%	6.1%	5.5%

Source: School District Financial Reports

MENDHAM BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 3,779	\$ 33,550	\$ 17,675	\$ 37,683	\$ 92,687
2013	2,558	45,961	8,675	35,453	92,647
2014	2,754	50,000	16,542	86,383	155,679
2015	1,773	54,165	11,933	11,255	79,126
2016	1,733	16,265	20,575	37,867	76,440
2017	4,484	15,000	18,974	44,281	82,739
2018	4,609	33,260	16,910	51,091	105,870
2019	5,363	61,700	23,449	52,010	142,522
2020	9,983	51,550	19,875	84,548	165,956
2021	11,715	35,633	11,000	32,013	90,361

Source: Mendham Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a		Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
									Farm	Commercial			
2011	\$ 7,898,100	\$ 1,105,338,700	\$ 63,764,800	\$ 378,500	\$ 109,617,500	\$ 2,342,200	\$ 1,289,339,800	\$ 123,773,600	\$ 2,300,875	\$ 1,291,640,675	0.75	\$ 1,410,302,723	
2012	7,384,900	1,101,185,800	66,422,700	394,600	109,079,300	2,342,200	1,286,809,500	123,773,600	2,300,875	1,289,110,375	0.76	1,359,104,244	
2013	7,771,700	1,097,277,400	66,897,700	397,100	105,202,000	2,342,200	1,279,888,100	123,773,600	2,287,733	1,282,175,833	0.76	1,356,943,415	
2014	8,207,800	1,100,795,200	66,843,500	400,500	103,997,100	2,342,200	1,282,586,300	124,763,600	1,927,735	1,284,514,035	0.78	1,361,837,683	
2015	9,745,800	1,097,432,700	69,620,400	403,900	102,337,700	2,342,200	1,281,882,700	124,865,000	1,927,735	1,283,810,435	0.81	1,403,066,919	
2016	9,704,800	1,096,676,700	69,686,700	403,900	102,337,700	2,342,200	1,281,152,000	125,425,900	1,954,098	1,283,106,098	0.84	1,370,993,717	
2017	8,769,000	1,096,803,000	69,563,800	403,900	101,655,100	2,342,200	1,280,472,800	124,867,500	1,939,588	1,282,412,388	0.87	1,377,174,538	
2018	8,306,100	1,095,646,700	65,860,900	348,400	100,209,700	2,342,200	1,280,962,000	125,379,300	2,007,273	1,282,969,973	0.88	1,377,413,257	
2019	8,110,700	1,095,960,000	63,823,500	348,300	98,555,600	2,342,200	1,269,140,300	130,379,300	2,123,156	1,274,837,156	0.87	1,363,844,456	
2020								131,042,600	2,123,156	1,271,263,456	0.91	1,367,265,859	

Source: Municipal Tax Assessor

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

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

MENDHAM BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(RATE PER \$100 OF ASSESSED VALUE)
UNAUDITED

Year Ended December 31,	Mendham Borough School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	West Morris Regional High School	Municipal Open Space	Mendham Borough	Morris County	
2011	\$ 0.68	\$ 0.07	\$ 0.75	\$ 0.47	\$ 0.01	\$ 0.42	\$ 0.26	\$ 1.91
2012	0.69	0.07	0.76	0.47	0.01	0.42	0.26	1.92
2013	0.69	0.07	0.76	0.49	0.01	0.43	0.27	1.96
2014	0.65	0.06	0.78	0.45	0.01	0.44	0.27	1.95
2015	0.75	0.06	0.81	0.53	0.01	0.44	0.27	2.07
2016	0.78	0.06	0.84	0.57	0.01	0.46	0.27	2.15
2017	0.77	0.10	0.87	0.56	0.01	0.47	0.28	2.19
2018	0.78	0.10	0.88	0.58	0.01	0.48	0.28	2.22
2019	0.78	0.09	0.87	0.61	0.01	0.49	0.28	2.26
2020	0.82	0.09	0.91	0.62	0.01	0.50	0.28	2.31

Source: Municipal Tax Collector and School Business Administrator

* - Revaluation year

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.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

	2020	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
V-Fee Realty	\$ 22,000,000	1.73%
Individual Taxpayer #1	8,564,900	0.67%
Holly Manor	8,558,600	0.67%
Roxiticus Golf Club	8,003,500	0.63%
Individual Taxpayer #2	5,652,500	0.44%
Individual Taxpayer #3	5,201,800	0.41%
Individual Taxpayer #4	5,000,000	0.39%
Individual Taxpayer #5	4,850,000	0.38%
Individual Taxpayer #6	4,779,200	0.38%
Individual Taxpayer #7	4,396,300	0.35%
Total	\$ 77,006,800	6.06%

	2011	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

Note: Individual Taxpayers listed may be different in 2020 and 2011.

Note: Revaluation was done in 2010.

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 9,724,733	\$ 9,724,733	100.00%	\$ -0-
2013	9,817,460	9,817,460	100.00%	-0-
2014	9,825,523	9,825,523	100.00%	-0-
2015	10,253,853	10,253,853	100.00%	-0-
2016	10,521,537	10,521,537	100.00%	-0-
2017	10,930,223	10,930,223	100.00%	-0-
2018	11,169,675	11,169,675	100.00%	-0-
2019	11,348,543	11,348,543	100.00%	-0-
2020	11,425,618	11,425,618	100.00%	-0-
2021	11,621,454	11,621,454	100.00%	-0-

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

- a. 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.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Governmental</u> <u>Activities</u> <u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Total District</u>	<u>Percentage of</u> <u>Personal Income</u> <u>^a</u>	<u>Per Capita ^a</u>
2012	\$ 8,345,000	\$ 8,345,000	2.31%	\$ 1,660
2013	7,760,000	7,760,000	2.06%	1,546
2014	7,145,000	7,145,000	1.73%	1,429
2015	6,065,000	6,065,000	1.40%	1,213
2016	5,480,000	5,480,000	1.23%	1,099
2017	4,895,000	4,895,000	1.04%	983
2018	4,320,000	4,320,000	0.89%	880
2019	3,745,000	3,745,000	0.76%	773
2020	3,170,000	3,170,000	0.64%	656
2021	2,595,000	2,595,000	0.53%	537

Source: School District Financial Reports

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

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

MENDHAM BOROUGH 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 Net Valuation Taxable ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 8,345,000	\$ -0-	\$ 8,345,000	0.646%	\$ 1,660
2013	7,760,000	-0-	7,760,000	0.602%	1,546
2014	7,145,000	-0-	7,145,000	0.557%	1,429
2015	6,065,000	-0-	6,065,000	0.473%	1,213
2016	5,480,000	-0-	5,480,000	0.427%	1,099
2017	4,895,000	-0-	4,895,000	0.381%	983
2018	4,320,000	-0-	4,320,000	0.337%	880
2019	3,745,000	-0-	3,745,000	0.292%	773
2020	3,170,000	-0-	3,170,000	0.249%	656
2021	2,595,000	-0-	2,595,000	0.204%	537

Source: School District Financial Reports

- Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
- b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

MENDHAM BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mendham Borough	\$ 1,448,739	100.00%	\$ 1,448,739
West Morris Regional High School District Debt (Borough Share)	8,050,000	16.25%	1,308,503
Morris County General Obligation Debt (Borough Share)	216,220,009	1.42%	<u>3,066,531</u>
Subtotal, Overlapping Debt			5,823,773
Mendham Borough School District Direct Debt			<u>2,595,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 8,418,773</u></u>

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.

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 Borough. 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.

^a 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.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis
	2020
	2019
	2018
	\$4,054,687,869
	\$1,351,562,623
Average Equalized Valuation of Taxable Property	
Debt Limit (a) (3% of Average Equalization Value)	
Net Bonded School Debt	\$ 40,546,879
Legal Debt Margin	\$ 2,595,000 \$ 37,951,879

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 42,810,881	\$ 41,413,077	\$ 40,862,032	\$ 41,106,402	\$ 41,213,033	\$ 41,403,760	\$ 41,135,089	\$ 41,144,250	\$ 41,075,762	\$ 40,546,879
Total Net Debt Applicable to Limit	8,345,000	7,760,000	7,145,000	6,065,000	5,480,000	4,895,000	4,320,000	3,745,000	3,170,000	2,595,000
Legal Debt Margin	\$ 36,451,182	\$ 33,653,077	\$ 33,717,032	\$ 35,041,402	\$ 35,733,033	\$ 36,508,760	\$ 36,815,089	\$ 37,399,250	\$ 37,905,762	\$ 37,951,879
Total Net Debt Applicable to the Limit	20.56%	18.74%	17.49%	14.75%	13.30%	11.82%	10.50%	9.10%	7.72%	6.40%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Morris County Per Capita Personal Income ^b	Total County Personal Income ^c	Unemployment Rate ^d
2012	5,026	\$ 71,933	\$ 361,535,258	7.10%
2013	5,020	75,054	376,771,080	6.30%
2014	4,999	82,810	413,967,190	4.70%
2015	5,001	86,582	432,996,582	3.70%
2016	4,988	89,653	447,189,164	3.80%
2017	4,978	94,259	469,221,302	3.70%
2018	4,910	98,842	485,314,220	3.60%
2019	4,847	101,646	492,678,162	3.00%
2020	4,836	101,646 *	491,560,056 ***	6.20%
2021	4,836 **	101,646 *	491,560,056 ***	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest County Personal Income data available (2019) and latest population data available (2020) was used for calculation purposes.

N/A - Information unavailable.

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

	2020		2011			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Picatinny Arsenal		5,970	2.29%			
Atlantic Health System		5,262	2.02%			
Novartis		3,700	1.42%			
Bayer		2,800	1.07%			
ADP		2,500	0.96%			
Wyndham Worldwide		2,280	0.88%			
Accenture		2,000	0.77%			
Honeywell		1,980	0.76%			
Allergan		1,500	0.58%			
St. Clare's Health System		1,100	0.42%			
		<u>29,092</u>	<u>11.17%</u>			
Total County Labor Force		<u>260,505</u>				
						NOT AVAILABLE

N/A - Total amount of employment is not available in order to do the percentage calculation.

Source: Morris County Economic Development Corporation

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	49.00	49.40	45.90	46.00	46.00	46.00	46.00	47.00	50.00	42.68
Special Education	10.80	10.80	10.50	10.50	10.50	10.50	10.50	13.00	18.00	17.50
Support Services:										
Student & Instruction Related Services	12.60	12.60	12.60	13.00	13.00	13.00	13.00	13.00	10.00	8.71
School Administrative Services	4.00	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
General and Business Administrative Services	4.50	4.00	4.00	4.00	4.20	4.20	4.20	4.00	5.00	5.00
Plant Operations and Maintenance	5.00	5.00	7.00	7.50	7.50	7.50	7.50	7.00	7.00	8.00
Total	85.90	86.30	84.00	85.00	85.20	85.20	85.20	88.00	94.00	85.89

Source: District Personnel Records

MENDHAM BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b		Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School						
2012	652	\$ 9,575,853	\$ 14,687	8.32%	56.9	1:11	1:12	673	648	-3.58%	96.29%	
2013	652	9,918,304	15,212	3.58%	58.80	1:12	1:10	650	624	-3.42%	96.00%	
2014	619	10,208,769	16,492	8.41%	56.40	1:11	1:10	607	585	-6.62%	96.38%	
2015	599	10,494,781	17,521	6.24%	56.50	1:11	1:10	596	572	-1.81%	95.97%	
2016	568	11,131,639	19,598	11.86%	56.50	1:11	1:10	569	547	-4.53%	96.13%	
2017	538	11,162,551	20,748	5.87%	56.50	1:11	1:10	538	503	-5.45%	93.49%	
2018	525	11,660,473	22,210	7.05%	56.50	1:10	1:10	525	507	-2.42%	96.57%	
2019	541	11,411,845	21,094	-5.03%	60.00	1:10	1:10	541	520	3.05%	96.12%	
2020	504	11,084,838	21,994	4.27%	68.00	1:10	1:08	498	485	-7.95%	97.39%	
2021	504	11,732,793	23,279	5.85%	66.00	1:10	1:12	482	473	-3.21%	98.13%	

Sources: Mendham Borough School District records

Note: Enrollment based on annual October district count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

^d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

MENDHAM BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hilltop School										
Square Feet	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790
Capacity (students)	428	428	428	428	428	428	428	428	428	428
Enrollment	336	336	303	307	278	272	264	280	259	259
Mountain View School										
Square Feet	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	316	316	307	292	290	258	255	261	245	245

Number of Schools at June 30, 2021

Elementary = 1

Middle School = 1

Source: Mendham Borough School District Facilities Office

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

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Hilltop School</u>	<u>Mountain View School</u>	<u>Total</u>
2012	\$ 61,523	\$ 63,540	\$ 125,063
2013	76,194	70,447	146,641
2014	89,956	87,831	177,787
2015	66,349	85,769	152,118
2016	70,540	91,197	161,737
2017	114,088	147,481	261,569
2018	148,278	191,678	339,956
2019	139,533	180,375	319,908
2020	86,034	118,137	204,171
2021	73,573	67,772	141,345

* 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 Borough School District records

MENDHAM BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Insurance Group (NJSIG)		
School Package Policy- Building, Contents, Property Boiler, Inland Marine, EDP Coverages	\$33,822,844	\$5,000
EDP Coverages	900,000	5,000
Flood Limit	75,000,000	10,000
Earthquake	50,000,000	10,000
General Liability including Auto, Employee Benefits, Abuse Liability	11,000,000	
Each Occurrence		
General Aggregate		
Product/Completed Ops Personal Injury	11,000,000	
Auto Physical Damage	Included	1,000
	1,000,000/11,000,000	
Environmental Impairment Liability	Agg.	Various
Crisis Management - various coverages	1,000,000	
Cyber Liability -various coverages	20,000,000	25,000
Terrorism	100,000,000	
	5,000,000/10,000,000	
Demolition & Rebuild Coverage	Agg.	25% of the rebuild
Crime Coverage:		
Faithful Performance	100,000	1,000
Forgery & Alteration	100,000	1,000
Money and Securities	50,000	500
Money Orders/Counterfeit	50,000	500
Computer Fraud	50,000	500
School Board Legal Liability	11,000,000	5,000
Workers Compensation	Statutory	None
Workers Compensation Supplemental Indemnity	Included	7 days
Bonds for Business Administrator		
Selective Insurance - 6/30/20-21	200,000	None
Bond for Treasurer		
Selective Insurance - 8/10/20-6/30/21	200,000	None
Student Accident - Voluntary Coverage only		
Guaranteed Trust Life - 7/1/20-21	25,000	None

SINGLE AUDIT SECTION



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Independent Member
BKR International

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 Borough 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 Mendham Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2021.

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) as a basis for determining 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 Borough 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 financial statements. 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.

October 8, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant



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Independent Member
BKR International

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 Borough School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Mendham Borough School District'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 the District's major state program for the fiscal year ended June 30, 2021. The District's major state program is 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, 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 the District's major state program 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 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 the major state program. However, our audit does not provide a legal determination of the District's compliance.

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 its major state program for the fiscal year ended June 30, 2021.

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

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 the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

October 8, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2021	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor					Due to Grantor	(Accounts Receivable)
U.S. Department of Education												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title II - Part A	84.367	ESEA-3090-21	7/1/20-9/30/21	\$ 7,111			\$ (6,561)				\$ (6,561)	
Title II - Part A	84.367	ESEA-3090-20	7/1/19-9/30/20	10,207	\$ (3,505)	\$ 5,140	(1,635)					
Title II - Part A	84.367	ESEA-3090-19	7/1/18-9/30/19	11,114	(5,050)			\$ 5,050				
Subtotal Title II - Part A					(8,555)	5,140	(8,196)	5,050				(6,561)
Title IV	84.424	ESEA-3090-21	7/1/20-9/30/21	10,000		10,000	(10,000)					
Title IV	84.424	ESEA-3090-20	7/1/19-9/30/20	10,275		2,456	(2,456)					
Title IV	84.424	ESEA-3090-19	7/1/18-9/30/19	12,641	2,837				\$ (2,837)			
Subtotal Title IV					2,837	12,456	(12,456)		(2,837)			(13,500)
Title I	84.010	ESEA-3090-21	7/1/20-9/30/21	15,039			(13,500)					
Title I	84.010	ESEA-3090-20	7/1/19-9/30/20	15,921	(5,328)	5,328						
Title I	84.010	ESEA-3090-19	7/1/18-9/30/19	18,960	(4)			4				
Title I	84.010	ESEA-3090-18	7/1/17-6/30/18	21,825	(1,203)	5,328		1,203				
Subtotal Title I					(6,535)	5,328	(13,500)	1,207				(13,500)
Total ESEA Consolidated					(12,253)	22,924	(34,152)	6,257		(2,837)		(20,061)
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-3090-21	7/1/20-9/30/21	117,137		117,137	(117,137)					
I.D.E.A. Part B, Basic	84.027	IDEA-3090-20	7/1/19-9/30/20	155,069	(19,998)	19,998						
I.D.E.A. Part B, Basic	84.027	IDEA-3090-19	7/1/18-9/30/19	203,381	12,714				(12,714)			
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-21	7/1/20-9/30/21	11,509		8,676	(9,816)					(1,140)
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-20	7/1/19-9/30/20	10,704	(2,235)			2,235				
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-19	7/1/18-9/30/19	7,550	(550)			550				
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-18	7/1/17-6/30/18	11,739	(892)			892				
Total Special Education Cluster					(10,961)	145,811	(126,953)	3,677		(12,714)		(1,140)
Education Stabilization Fund:												
COVID 19 - Digital Divide Discretionary Grant	84.425D	S425D200027	7/16/20-10/31/20	2,226		2,226	(2,226)					
COVID 19 - CARES Emergency Relief	84.425D	CARES109020	3/13/20-9/30/22	12,731		12,731	(12,731)					
Total Educational Stabilization Fund						14,957	(14,957)					
Total U.S. Department of Education					(23,214)	183,692	(176,062)	9,934		(15,551)		(21,201)
U.S. Department of Treasury												
Passed-through State Department of Education:												
Special Revenue Fund:												
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	13,611		13,611	(13,611)					
Total U.S. Department of Treasury						13,611	(13,611)					
Total Special Revenue Fund					(23,214)	197,303	(189,673)	9,934		(15,551)		(21,201)
Total Federal Financial Awards					\$ (23,214)	\$ -0-	\$ (189,673)	\$ 9,934		\$ (15,551)		\$ (21,201)
N/A - Not Applicable												\$ -0-

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

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Cash Received	Budgetary Expenditures	Balance June 30, 2021		Memo Budgetary Unearned Revenue/(Accounts Receivable)	Cumulative Total Expenditures
				Unearned Revenue/(Accounts Receivable)	Due to Grantor			GAAP Unearned Revenue/(Accounts Receivable)	Due to Grantor		
State Department of Education:											
Categorical Special Education Aid	20-495-034-5120-085	7/1/19-6/30/20	\$ 252,229	\$ (17,828)	\$ 17,828	\$				\$	252,229
Security Aid	20-495-034-5120-078	7/1/19-6/30/20	35,667	(2,521)	2,521						35,667
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	47,259	(3,340)	3,340						47,259
Extraordinary Special Education Costs	20-100-034-5120-044	7/1/19-6/30/20	70,953	(64,493)	70,953	\$ (6,460)					70,953
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/19-6/30/20	338,274	(33,404)	33,404						338,274
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	1,182,876		1,182,876	(1,182,876)					1,182,876
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	377,748		377,748	(377,748)					377,748
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	22,506		22,506	(22,506)					22,506
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	942		942	(942)					942
Categorical Special Education Aid	21-495-034-5120-085	7/1/20-6/30/21	266,892		249,585	(266,892)		\$ (17,307)		\$	266,892
Security Aid	21-495-034-5120-078	7/1/20-6/30/21	35,667		33,354	(35,667)		(2,313)		(2,313)	35,667
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	47,259		44,194	(47,259)		(3,065)		(3,065)	47,259
Extraordinary Special Education Costs	21-100-034-5120-044	7/1/20-6/30/21	111,717		111,717	(111,717)		(111,717)		(111,717)	111,717
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	11,883			(11,883)		(11,883)		(11,883)	11,883
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	342,643		325,919	(342,643)		(16,724)		(16,724)	342,643
Total General Fund				(121,586)	2,365,170	(2,406,593)		(140,324)		(163,009)	3,144,515
N.J. Nonpublic Aid:											
Technology Aid	19-100-034-5120-064	7/1/18-6/30/19	5,256	\$	51			\$	51		
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	7,796		30				30		
Security Aid	19-100-034-5120-064	7/1/18-6/30/19	21,900		4,714				4,714		
Digital Aid	21-100-034-5120-064	7/1/20-6/30/21	392		392	(392)					392
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	550		550	(550)					550
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	918		918	(918)					918
Security Aid	21-100-034-5120-064	7/1/20-6/30/21	1,575		1,575	(1,575)					1,575
Total Special Revenue Fund					3,435	(3,435)			4,795		3,435
Total State Financial Awards				(121,586)	2,368,605	(2,410,028)		(140,324)		(163,009)	3,147,950
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	\$ 377,748			\$	377,748				
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	1,182,876			1,182,876					
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	22,506			22,506					
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	942			942					
Subtotal - On-Behalf TPAF Pension System Contributions						1,584,072					
Total State Awards Subject to Single Audit Major Program Determination						\$ (825,956)					

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules are presented in accordance with the 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 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 on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are 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 fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to state deferral and recording of the June 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 (\$1,004) for the general fund and (\$32,970) (of which \$38,312 relates to local grants) 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 the special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 2,407,597	\$ 2,407,597
Special Revenue Fund	\$ 193,602	3,435	197,037
Total	\$ 193,602	\$ 2,411,032	\$ 2,604,634

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS (Cont'd)

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. 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, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 the major state program 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 program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 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 program tested as a major state program for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Programs:</u>				
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20 - 6/30/21	\$ 342,643	\$ 342,643

- 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.

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 findings or questioned costs for state awards as defined in the Uniform Guidance and New Jersey's OMB Circular 15-08.

MENDHAM BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year findings.