

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF MENDHAM**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**Mendham Borough School District**

**Mendham, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Mendham Borough School District  
Board of Education**

MENDHAM BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
 FINANCIAL SECTION.....	 8
Independent Auditors' Report.....	9
Required Supplementary Information.....	13
Management's Discussion and Analysis .....	14
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position .....	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
B-4 Statement of Net Position – Proprietary Funds.....	32
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	33
B-6 Statement of Cash Flows – Proprietary Funds.....	34
Notes to the Basic Financial Statements .....	35
Required Supplementary Information .....	71
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions .....	72
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	72
L-2 Schedule of District Contributions – Public Employees Retirement System .....	73
L-3 Schedule of State's Proportionate Share of the Net Pension Liability – Attributable to the District - Teachers' Pension and Annuity Fund.....	74
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	75
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios .....	76
Notes to Required Supplementary Information .....	77

MENDHAM BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules .....	79
C-1 Budgetary Comparison Schedule – General Fund .....	80
C-2 Combining Budgetary Schedule – Special Revenue Fund .....	93
C-3 Budgetary Comparison Schedule – Note to RSI .....	94

Other Supplementary Schedules (D. – I.)

D. School Level Schedules (Not Applicable).....	96
E. Special Revenue Fund .....	97
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	98
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	101
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis .....	102
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Hilltop Elementary Masonry Repair/Window Repair/Replacement.....	103
G. Proprietary Funds.....	104
Enterprise Fund:	
G-1 Statement of Net Position .....	105
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	106
G-3 Statement of Cash Flows .....	107
H. Fiduciary Activities (Not Applicable) .....	108
I. Long-Term Debt .....	109
I-1 Schedule of Serial Bonds .....	110
I-2 Schedule of Obligations Under Finance Purchases (Not Applicable)	
I-3 Schedule of Obligations Under Leases (Not Applicable)	
I-4 Debt Service Fund Budgetary Comparison Schedule.....	111
J. STATISTICAL SECTION (Unaudited).....	112
J-1 Net Position by Component .....	113
J-2 Changes in Net Position.....	114
J-3 Fund Balances – Governmental Funds .....	116
J-4 Changes in Fund Balance, Governmental Funds .....	117
J-5 General Fund Other Local Revenue by Source .....	118
J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	119
J-7 Direct and Overlapping Property Tax Rates .....	120
J-8 Principal Property Taxpayers (Current Year and Nine Years Ago) .....	121
J-9 Property Tax Levies and Collections .....	122
J-10 Ratios of Outstanding Debt by Type .....	123
J-11 Ratios of Net General Bonded Debt Outstanding .....	124
J-12 Ratios of Direct and Overlapping Governmental Activities Debt .....	125
J-13 Legal Debt Margin Information.....	126



MENDHAM BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

J.	STATISTICAL SECTION (Unaudited) (Cont'd)	
	J-14 Demographic and Economic Statistics .....	127
	J-15 Principal Employers, Current and Nine Years Ago .....	128
	J-16 Full-time Equivalent District Employees by Function/Program.....	129
	J-17 Operating Statistics .....	130
	J-18 School Building Information .....	131
	J-19 Schedule of Allowable Maintenance Expenditures by School Facility .....	132
	J-20 Insurance Schedule .....	133
K.	SINGLE AUDIT SECTION.....	134
	K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	135
	K-2 Report on Compliance for Each Major State Program: Report on Internal Control Over Compliance Required by NJOMB 15-08 .....	137
	K-3 Schedule of Expenditures of Federal Awards.....	140
	K-4 Schedule of Expenditures of State Awards.....	141
	K-5 Notes to the Schedules of Expenditures of Federal and State Awards .....	143
	K-6 Schedule of Findings and Questioned Costs.....	145
	K-7 Summary Schedule of Prior Audit Findings .....	147

INTRODUCTORY SECTION  
(UNAUDITED)

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

October 31, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Mendham Borough School District (the "District") for the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021-2022 school year budget was to maintain our quality educational programs, appropriately staff them and provide resources required for a successful opening of schools while navigating the continued 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 reopened schools successfully on August 2020 by following the guidance from the NJDOE, NJDOH and our local health department and District Physician and we continued to follow their guidance throughout the 2021-22 school year.

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 include the purchase of student furniture to maximize collaborative teaching and learning environments and technological advancements that consistently provide our students with a high level of experiential learning. Updates to the faculty rooms and new classroom furniture advance our collaborative learning initiatives. 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, 2022.

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.

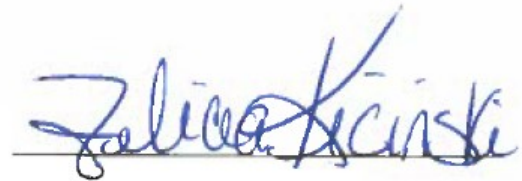
The Honorable President and Members  
of the Board of Education  
Mendham Borough School District  
Page 4  
October 31, 2022

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,

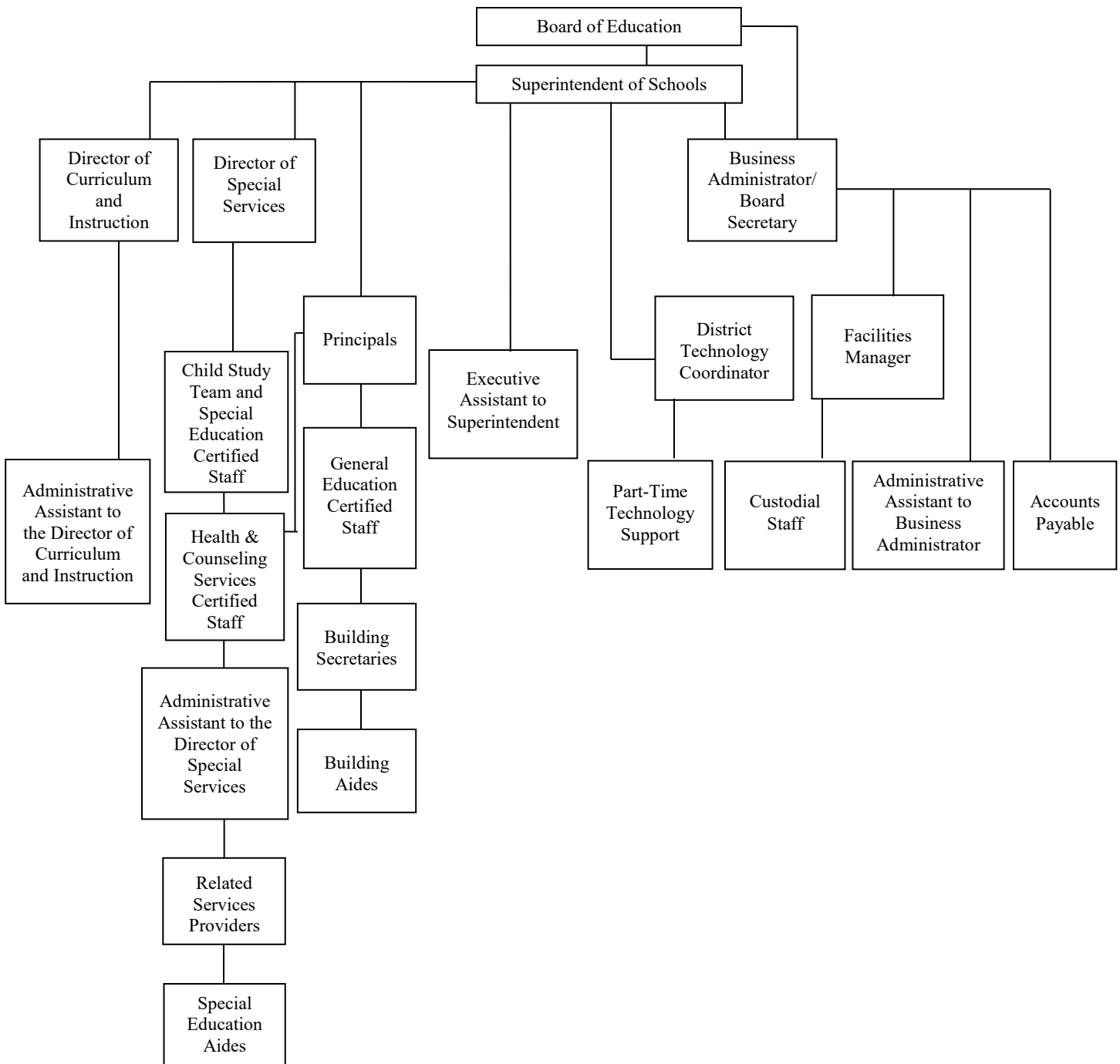
A handwritten signature in blue ink that reads "Matthew R. Ward" with "S.D." written to the right. The signature is written over a horizontal line.

Title: Superintendent

A handwritten signature in blue ink that reads "Felicia Kinski". The signature is written over a horizontal line.

Title: Business Administrator

## 1110 ORGANIZATIONAL CHART



MENDHAM BOROUGH SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2022

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Catalina Wiatroski, President		2023
John Vitale, Vice President		2022
Dr. Barry Haines		2022
James Gillespie		2022
Stephen McLaud		2023
John Jennings		2023
Deborah D'Urso		2024
Cristin Adinolfi		2024
AnnMarie Hornyak		2024

<u>Other Officials</u>	<u>Title</u>
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 Audit of the Financial Statements**

#### ***Qualified Opinion***

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 Mendham Borough School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 17) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary 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 supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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 4

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District’s internal control over financial reporting and compliance.

October 31, 2022  
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  
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, 2022. 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**

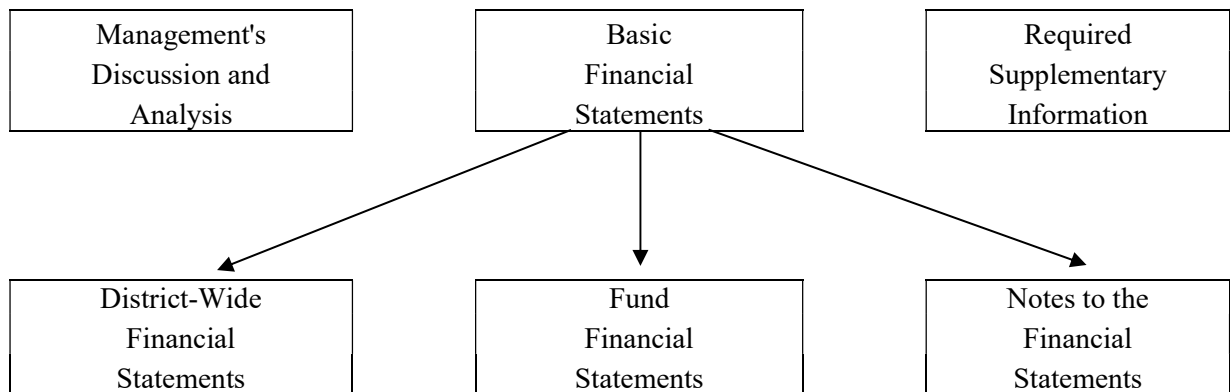


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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, lease 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 \$10,378,829 on June 30, 2022, which was \$1,959,761 or 23.28% 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 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and Other Assets	\$ 7,516,646	\$ 6,734,618	\$ 31,899	\$ 6,945	\$ 7,548,545	\$ 6,741,563	
Capital Assets, Net	7,765,723	7,455,690	29,427	29,380	7,795,150	7,485,070	
Total Assets	<u>15,282,369</u>	<u>14,190,308</u>	<u>61,326</u>	<u>36,325</u>	<u>15,343,695</u>	<u>14,226,633</u>	7.85%
Deferred Outflows of Resources	<u>454,626</u>	<u>785,284</u>			<u>454,626</u>	<u>785,284</u>	-42.11%
Other Liabilities Long-Term Liabilities	<u>359,177</u>	<u>326,954</u>	<u>21,419</u>	<u>6,702</u>	<u>380,596</u>	<u>333,656</u>	
Total Liabilities	<u>4,179,332</u>	<u>5,585,574</u>	<u>21,419</u>	<u>6,702</u>	<u>4,200,751</u>	<u>5,592,276</u>	-24.88%
Deferred Inflows of Resources	<u>1,218,741</u>	<u>1,000,573</u>			<u>1,218,741</u>	<u>1,000,573</u>	21.80%
Net Position:							
Net Investment in Capital Assets	5,785,719	4,916,936	29,427	29,380	5,815,146	4,946,316	
Restricted	6,350,121	5,463,396			6,350,121	5,463,396	
Unrestricted/(Deficit)	<u>(1,796,918)</u>	<u>(1,990,887)</u>	<u>10,480</u>	<u>243</u>	<u>(1,786,438)</u>	<u>(1,990,644)</u>	
Total Net Position	<u>\$ 10,338,922</u>	<u>\$ 8,389,445</u>	<u>\$ 39,907</u>	<u>\$ 29,623</u>	<u>\$ 10,378,829</u>	<u>\$ 8,419,068</u>	23.28%

*Changes in Net Position.* Net position from governmental activities increased \$1,949,477 while net position from business-type activities increased \$10,284. The increase in net investment in capital assets is mainly due to the maturity of \$570,000 of serial bonds payable and \$772,706 in capital assets additions; offset by \$462,673 in depreciation expense. The increase in restricted net position is due primarily to June board approved deposits into Capital and Maintenance Reserves; offset by a decrease in 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 2021/22	Business-Type Activities 2021/22	Total School District 2021/22	Governmental Activities 2020/21	Business-Type Activities 2020/21	Total School District 2020/21	Total Percentage Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 170,708	\$ 26,305	\$ 197,013	\$ 57,297	\$ 30,233	\$ 87,530	
Operating Grants and Contributions	2,921,147	188,000	3,109,147	2,902,464		2,902,464	
General Revenue:							
Property Taxes	11,807,296		11,807,296	11,621,454		11,621,454	
Other	107,063	24	107,087	54,908	6	54,914	
Total Revenue	<u>15,006,214</u>	<u>214,329</u>	<u>15,220,543</u>	<u>14,636,123</u>	<u>30,239</u>	<u>14,666,362</u>	3.78%
Expenses:							
Instruction	7,571,160		7,571,160	7,385,951		7,385,951	
Pupil and Instruction Services	2,922,997		2,922,997	2,525,426		2,525,426	
Administrative and Business	1,180,626		1,180,626	1,519,551		1,519,551	
Maintenance and Operations	1,162,089		1,162,089	1,020,943		1,020,943	
Pupil Transportation	178,916		178,916	115,054		115,054	
Other	34,275	210,719	244,994	111,326	51,829	163,155	
Total Expenses	<u>13,050,063</u>	<u>210,719</u>	<u>13,260,782</u>	<u>12,678,251</u>	<u>51,829</u>	<u>12,730,080</u>	4.17%
Transfers	(6,674)	6,674		(48,232)	48,232		
Increase/(Decrease) in Net Position	<u>\$ 1,949,477</u>	<u>\$ 10,284</u>	<u>\$ 1,959,761</u>	<u>\$ 1,909,640</u>	<u>\$ 26,642</u>	<u>\$ 1,936,282</u>	1.21%

**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**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2021/22</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2020/21</u>
Instruction	\$ 7,571,160	\$ 5,123,037	\$ 7,385,951	\$ 5,121,808
Pupil and Instruction Services	2,922,997	2,336,631	2,525,426	1,888,950
Administrative and Business	1,180,626	1,180,626	1,519,551	1,519,551
Maintenance and Operations	1,162,089	1,162,089	1,020,943	1,020,943
Transportation	178,916	121,550	115,054	115,054
Other	34,275	34,275	111,326	52,184
	<u>\$ 13,050,063</u>	<u>\$ 9,958,208</u>	<u>\$ 12,678,251</u>	<u>\$ 9,718,490</u>

**Business-Type Activities**

Net position from the District’s business-type activity increased \$10,284 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$3,610. There was also a General Fund capital contribution of \$6,674. 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**

	<b>Capital Assets (Net of Depreciation)</b>						<b>Percentage Change 2021/22</b>
	<b>Government Activities</b>		<b>Business-Type Activities</b>		<b>Total School District</b>		
	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>	
Land	\$ 251	\$ 251			\$ 251	\$ 251	
Construction in Progress	319,240	319,240			319,240	319,240	
Site Improvements	654,530	702,276			654,530	702,276	
Buildings and Building Improvements	6,390,423	6,176,761			6,390,423	6,176,761	
Furniture, Machinery and Equipment	<u>401,279</u>	<u>257,162</u>	<u>\$ 29,427</u>	<u>\$ 29,380</u>	<u>430,706</u>	<u>286,542</u>	
<b>Total Capital Assets (Net of Depreciation)</b>	<u><u>\$ 7,765,723</u></u>	<u><u>\$ 7,455,690</u></u>	<u><u>\$ 29,427</u></u>	<u><u>\$ 29,380</u></u>	<u><u>\$ 7,795,150</u></u>	<u><u>\$ 7,485,070</u></u>	4.14%

During the fiscal year, the District acquired or constructed \$772,706 in capital additions from its governmental activities (which included capital outlay expenses for the Mountain View ceiling, lights and HVAC upgrade projects and District wide electrical upgrades. The District also had \$462,673 in depreciation expense from its governmental activities.

**Figure A-7**

**Outstanding Long-Term Liabilities**

			<b>Percentage Change 2021/22</b>
	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>
Bonds Payable	\$ 2,025,000	\$ 2,595,000	
Unamortized Bond Premium	218,896	273,621	
Net Pension Liability	1,452,119	2,254,756	
Compensated Absences Payable	<u>124,140</u>	<u>135,243</u>	
	<u><u>\$ 3,820,155</u></u>	<u><u>\$ 5,258,620</u></u>	-27.35%

- The District continued to pay down its debt, retiring \$570,000 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 \$11,103.
- Net pension liability decreased by \$802,637.

**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, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,376,375	\$ 10,250	\$ 2,386,625
Receivables from Other Governments:			
Federal	78,359	11,001	89,360
State	162,486		162,486
Other Accounts Receivable	8,676		8,676
Inventory		10,400	10,400
Restricted Cash and Cash Equivalents	4,890,750		4,890,750
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	7,446,232	29,427	7,475,659
Total Assets	<u>15,282,369</u>	<u>61,326</u>	<u>15,343,695</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	44,996		44,996
Deferred Outflows Related to Pensions	409,630		409,630
Total Deferred Outflow of Resources	<u>454,626</u>		<u>454,626</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	22,117		22,117
Accounts Payable	282,367	16,414	298,781
Payable to State Government	2,723		2,723
Unearned Revenue	51,970	5,005	56,975
Noncurrent Liabilities:			
Due Within One Year	614,724		614,724
Due Beyond One Year	3,205,431		3,205,431
Total Liabilities	<u>4,179,332</u>	<u>21,419</u>	<u>4,200,751</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,218,741		1,218,741
Total Deferred Inflow of Resources	<u>1,218,741</u>		<u>1,218,741</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,785,719	29,427	5,815,146
Restricted for:			
Capital Projects	3,510,247		3,510,247
Excess Surplus	1,459,028		1,459,028
Unemployment Compensation	63,123		63,123
Student Activities	42,816		42,816
Maintenance	1,274,564		1,274,564
Debt Service	343		343
Unrestricted/(Deficit)	(1,796,918)	10,480	(1,786,438)
Total Net Position	<u>\$ 10,338,922</u>	<u>\$ 39,907</u>	<u>\$ 10,378,829</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, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 6,340,840	\$ 113,467	\$ 1,715,432	\$ (4,511,941)	\$	\$ (4,511,941)
Special Education	1,120,201		619,224	(500,977)		(500,977)
Other Instruction	110,119			(110,119)		(110,119)
<b>Support Services:</b>						
Tuition	354,035			(354,035)		(354,035)
Student & Instruction Related Services	2,568,962	57,241	529,125	(1,982,596)		(1,982,596)
General Administrative Services	361,254			(361,254)		(361,254)
School Administrative Services	438,633			(438,633)		(438,633)
Central Services	379,868			(379,868)		(379,868)
Administrative Information Technology	871			(871)		(871)
Plant Operations and Maintenance	1,162,089			(1,162,089)		(1,162,089)
Pupil Transportation	178,916		57,366	(121,550)		(121,550)
Interest on Long-Term Debt	34,275			(34,275)		(34,275)
Total Governmental Activities	<u>13,050,063</u>	<u>170,708</u>	<u>2,921,147</u>	<u>(9,958,208)</u>		<u>(9,958,208)</u>
<b>Business-Type Activities:</b>						
Food Service	210,573	26,159	\$ 188,000		\$ 3,586	3,586
Total Business-Type Activities	<u>210,573</u>	<u>26,159</u>	<u>188,000</u>		<u>3,586</u>	<u>3,586</u>
<b>Total Primary Government</b>	<u>\$ 13,260,636</u>	<u>\$ 196,867</u>	<u>\$ 3,109,147</u>	<u>\$ (9,958,208)</u>	<u>3,586</u>	<u>(9,954,622)</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 11,155,138		\$ 11,155,138
Taxes Levied for Debt Service	652,158		652,158
Investment Earnings	16,681	24	16,705
Miscellaneous Income	90,382		90,382
Transfers	(6,674)	6,674	
Total General Revenues and Transfers	11,907,685	6,698	11,914,383
Change in Net Position	1,949,477	10,284	1,959,761
Net Position - Beginning	8,389,445	29,623	8,419,068
Net Position - Ending	\$ 10,338,922	\$ 39,907	\$ 10,378,829

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,292,835		\$ 83,540		\$ 2,376,375
Interfund Receivable:					
Capital Projects Fund				\$ 1,635	1,635
Special Revenue Fund	23,171				23,171
Debt Service Fund	1,292				1,292
Receivables From Other Governments:					
Federal		\$ 78,359			78,359
State	161,736		750		162,486
Other Accounts Receivable	1,952	6,724			8,676
Restricted Assets - Cash and Cash Equivalents	4,847,934	42,816			4,890,750
<b>Total Assets</b>	<u>\$ 7,328,920</u>	<u>\$ 127,899</u>	<u>\$ 84,290</u>	<u>\$ 1,635</u>	<u>\$ 7,542,744</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 118,648	\$ 8,719			\$ 127,367
Interfund Payable:					
General Fund		23,171		\$ 1,292	24,463
Debt Service Fund			\$ 1,635		1,635
Payable to State Government		2,723			2,723
Unearned Revenue	1,500	50,470			51,970
<b>Total Liabilities</b>	<u>120,148</u>	<u>85,083</u>	<u>1,635</u>	<u>1,292</u>	<u>208,158</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	3,510,247				3,510,247
Maintenance Reserve Account	1,274,564				1,274,564
Excess Surplus - 2023-2024	572,486				572,486
Excess Surplus - 2022-2023	886,542				886,542
Unemployment Compensation	63,123				63,123
Student Activities		42,816			42,816
Debt Service				343	343
Assigned to:					
Other Purposes	342,345				342,345
Committed:					
Capital Projects			82,655		82,655
Unassigned	559,465				559,465
<b>Total Fund Balances</b>	<u>7,208,772</u>	<u>42,816</u>	<u>82,655</u>	<u>343</u>	<u>7,334,586</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,328,920</u>	<u>\$ 127,899</u>	<u>\$ 84,290</u>	<u>\$ 1,635</u>	<u>\$ 7,542,744</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

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

Total Fund Balances - Governmental Funds (Above)	\$ 7,334,586
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	7,765,723
Bond issuance premium is reported as revenue in the governmental funds in the year of the related expenditure.	(218,896)
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.	(2,149,140)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(22,117)
Deferred amount on refunding is not reported as an expenditure in governmental funds in the year of the expenditure.	44,996
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,452,119)
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	254,630
Deferred Inflows	(1,218,741)
Net Position of Governmental Activities	<u>\$ 10,338,922</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 11,155,138			\$ 652,158	\$ 11,807,296
Tuition Charges	113,467				113,467
Interest Earned on Capital Reserve Funds	3,507				3,507
Interest Earned on Maintenance Reserve Funds	1,847				1,847
Restricted Miscellaneous Revenue	11,327	\$ 57,241			68,568
Unrestricted Miscellaneous Revenue	44,909	45,310	\$ 163		90,382
Total - Local Sources	11,330,195	102,551	163	652,158	12,085,067
State Sources	3,114,481				3,114,481
Federal Sources		238,454			238,454
Total Revenue	14,444,676	341,005	163	652,158	15,438,002
EXPENDITURES					
Current:					
Regular Instruction	3,668,440	255,760			3,924,200
Special Education Instruction	632,126	28,004			660,130
Other Instruction	84,388				84,388
Support Services and Undistributed Costs:					
Tuition	354,035				354,035
Student & Instruction Related Services	1,551,724	63,169			1,614,893
General Administrative Services	344,000				344,000
School Administrative Services	395,565				395,565
Central Services	291,908				291,908
Administrative Information Technology	687				687
Pupil Transportation	165,036				165,036
Plant Operations and Maintenance	1,004,905				1,004,905
Benefits - Allocated and Unallocated	4,422,885				4,422,885
Debt Service:					
Principal				570,000	570,000
Interest and Other Charges				83,450	83,450
Capital Outlay	766,141				766,141
Total Expenditures	13,681,840	346,933		653,450	14,682,223
Excess/(Deficiency) of Revenue over/ (under) Expenditures	762,836	(5,928)	163	(1,292)	755,779
OTHER FINANCING SOURCES/(USES)					
Transfers In				163	163
Transfers Out	(6,674)		(163)		(6,837)
Total Other Financing Sources/(Uses)	(6,674)		(163)	163	(6,674)
Net Change in Fund Balances	756,162	(5,928)		(1,129)	749,105
Fund Balance—July 1	6,452,610	48,744	82,655	1,472	6,585,481
Fund Balance—June 30	\$ 7,208,772	\$ 42,816	\$ 82,655	\$ 343	\$ 7,334,586

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	749,105
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 differ from capital outlays and transfers in the period.		
	Depreciation expense	\$ (462,673)
	Capital outlays	<u>772,706</u>
		310,033
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 (+).		
		11,103
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. (+)		
		570,000
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 (+).		
		5,700
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.		
		(11,250)
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	802,637
	Changes in Deferred Outflows and Inflows Related to Pensions	<u>(542,576)</u>
Change in Net Position - Governmental Funds (Exhibit A-2)	\$	<u><u>1,949,477</u></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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,250
Intergovernmental Accounts Receivable:	
State	248
Federal	11,001
Inventories	<u>10,400</u>
Total Current Assets	<u>31,899</u>
Capital Assets:	
Furniture and Equipment	180,731
Less: Accumulated Depreciation	<u>(151,304)</u>
Total Capital Assets	<u>29,427</u>
Total Assets	<u>61,326</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	16,414
Unearned Revenue - Prepaid Sales	<u>5,005</u>
Total Liabilities	<u>21,419</u>
<b>NET POSITION:</b>	
Investment in Capital Assets	29,427
Unrestricted	<u>10,480</u>
Total Net Position	<u><u>\$ 39,907</u></u>

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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 26,159
Total Operating Revenue	<u>26,159</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	76,885
Salaries, Benefits & Payroll Taxes	89,607
Supplies, Insurance & Other Costs	15,193
Management Fee	16,800
Depreciation	6,627
Miscellaneous Expenses	5,461
Total Operating Expenses	<u>210,573</u>
Operating Loss	<u>(184,414)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	24
State Sources:	
COVID-19 - Seamless Summer Option	4,231
Federal Sources:	
COVID-19 - Seamless Summer Option - Lunch	179,889
COVID-19 - Seamless Summer Option - Snack Program	3,880
Total Non-Operating Revenue	<u>188,024</u>
Change in Net Position Before Capital Contributions	3,610
Capital Contribution from General Fund	6,674
Changes in Net Position After Capital Contributions	10,284
Net Position - Beginning of Year	<u>29,623</u>
Net Position - End of Year	<u>\$ 39,907</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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 26,499
Payments to Food Service Vendor	(192,784)
Payments to Suppliers	(3,443)
	(169,728)
Net Cash Used for Operating Activities	
Cash Flows From Investing Activities:	
Local Sources	24
Interest Income	
State Sources:	
COVID-19 Seamless Summer Option	3,983
Federal Sources:	
COVID-19 Seamless Summer Option - Lunch	169,122
COVID-19 Seamless Summer Option - Snack Program	3,646
	176,775
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	7,047
Cash and Cash Equivalents, July 1	3,203
Cash and Cash Equivalents, June 30	\$ 10,250
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (184,414)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	6,627
Changes in Assets and Liabilities:	
(Increase) in Inventory	(6,658)
Increase in Accounts Payable	14,377
Increase in Unearned Revenue - Prepaid Sales	340
	(169,728)
Net Cash Used for Operating Activities	\$ (169,728)

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, 2022

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, 2022  
(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 other capital assets or lease assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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, 2022  
(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022  
(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, 2022 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, 2022  
(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	\$ 14,452,541	\$ 323,712
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.		17,293
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	22,685	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(30,550)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,444,676	\$ 341,005
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,681,840	\$ 329,640
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.		17,293
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,681,840	\$ 346,933

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, 2022  
(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, 2022  
(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, 2022.

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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

M. 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.

N. 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, 2022.

O. 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.

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$7,208,772 General Fund fund balance at June 30, 2022, \$3,510,247 is restricted in the capital reserve account; \$1,274,564 is restricted in the maintenance reserve account; \$63,123 is restricted for unemployment compensation; \$886,542 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2023, \$572,486 is restricted as current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2024, \$342,345 is assigned for year end encumbrances, and \$559,465 is unassigned which is \$30,550 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2023.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2022 of \$42,816 is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2022 is \$82,655 and is committed.

Debt Service Fund: The Debt Service Fund restricted fund balance at June 30, 2022 is \$343, of which \$163 has been appropriated and included as anticipated revenue for the year ending June 30, 2023.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

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.

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.

S. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2022 of \$1,796,918. 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.

T. 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, 2022 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, 2022.

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, lease assets, net of accumulated amortization 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, 2022  
(Continued)

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

U. 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, 2022.

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, 2022.

V. 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, 2022  
(Continued)

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

W. 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.

X. 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.

Y. 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, 2022  
(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, 2022  
(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, 2022  
(Continued)

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

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 2,386,625	\$ 4,890,750	\$ 7,277,375
	\$ 2,386,625	\$ 4,890,750	\$ 7,277,375

During the period ended June 30, 2022 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$7,277,375 and the bank balance was \$7,615,165.

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 2,506,740
Increased by:	
Interest Earnings	3,507
Increased by Board Resolution June 21, 2022	1,000,000
Ending Balance, June 30, 2022	\$ 3,510,247

The June 30, 2022 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, 2022  
(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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,072,717
Increased by:	
Interest Earnings	1,847
Increased by Board Resolution June 21, 2022	200,000
Ending Balance, June 30, 2022	\$ 1,274,564

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, 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, 2022  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 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	1,590,334			1,590,334
Buildings and Building Improvements	12,986,502	\$ 567,961		13,554,463
Machinery and Equipment	1,222,520	204,745		1,427,265
Total Capital Assets Being Depreciated	<u>15,799,356</u>	<u>772,706</u>		<u>16,572,062</u>
Governmental Activities Capital Assets	<u>16,118,847</u>	<u>772,706</u>		<u>16,891,553</u>
Less Accumulated Depreciation for:				
Site Improvements	(888,058)	(47,746)		(935,804)
Buildings and Building Improvements	(6,809,741)	(354,299)		(7,164,040)
Machinery and Equipment	(965,358)	(60,628)		(1,025,986)
	<u>(8,663,157)</u>	<u>(462,673)</u>		<u>(9,125,830)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,455,690</u>	<u>\$ 310,033</u>	<u>\$ - 0 -</u>	<u>\$ 7,765,723</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 174,057	\$ 6,674		\$ 180,731
Less Accumulated Depreciation	<u>(144,677)</u>	<u>(6,627)</u>		<u>(151,304)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,380</u>	<u>\$ 47</u>	<u>\$ - 0 -</u>	<u>\$ 29,427</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 212,830
Special Education Instruction	37,014
Other Instruction	4,627
Student and Instruction Related Services	87,908
General Administration	4,626
School Administration	23,133
Central Services	18,507
Operations and Maintenance of Plant	60,148
Pupil Transportation	13,880
	<u>\$ 462,673</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Due Within One Year
Bonds Payable	\$ 2,595,000		\$ 570,000	\$ 2,025,000	\$ 560,000
Compensated Absences Payable	135,243	\$ 4,078	15,181	124,140	
Unamortized Bond Premium	273,621		54,725	218,896	54,724
Net Pension Liability - PERS	2,254,756		802,637	1,452,119	
	<u>\$ 5,258,620</u>	<u>\$ 4,078</u>	<u>\$ 1,442,543</u>	<u>\$ 3,820,155</u>	<u>\$ 614,724</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2022 as follows:

Final Maturity Date	Serial Bonds Interest Rate	Amount
3/1/2026	3.00% - 4.00%	<u>\$ 2,025,000</u>

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
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
	<u>\$ 2,025,000</u>	<u>\$ 148,700</u>	<u>\$ 2,173,700</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2022, 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, 2022  
(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 \$124,140 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, 2022 is \$-0- and the long-term portion is \$1,452,119. 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 \$54,724 and is separated from the long-term liability balance of \$164,172.

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](http://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, 2022  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 \$143,553 for fiscal year 2022.

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, 2022, the District reported a liability of \$1,452,119 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0123%, which was an decrease of 0.0015% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$116,506. At June 30, 2022, 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, 2022  
(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)

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 61,367
	2018	5.63		115,050
	2019	5.21		101,494
	2020	5.16		239,053
	2021	5.13	\$ 7,563	
			<u>7,563</u>	<u>516,964</u>
Changes in Proportion	2017	5.48	18,279	
	2018	5.63	125,330	
	2019	5.21		33,399
	2020	5.16	80,556	
	2021	5.13		275,457
			<u>224,165</u>	<u>308,856</u>
Difference Between Expected and Actual Experience	2017	5.48	1,826	
	2018	5.63		4,381
	2019	5.21	7,758	
	2020	5.16	13,318	
	2021	5.13		6,014
			<u>22,902</u>	<u>10,395</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		11,342
	2019	5.00		(3,660)
	2020	5.00		(82,486)
	2021	5.00		457,330
				<u>382,526</u>
Contribution Subsequent to Measurement Date	2021	1.00	155,000	
			<u>\$ 409,630</u>	<u>\$ 1,218,741</u>



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (342,636)
2023	(244,642)
2024	(166,804)
2025	(125,387)
2026	49
	\$ (879,420)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022  
(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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2021 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, 2021		
	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	\$ 1,975,251	\$ 1,452,119	\$ 1,005,126

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](http://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, 2022  
(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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$1,718,129 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$460,324.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$19,562,901. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0407%, which was an increase of 0.0018% from its proportion measured as of June 30, 2020.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows and 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	19,562,901
Total	<u>\$ 19,562,901</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$460,324 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows and 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022  
(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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 23,146,184	\$ 19,562,901	\$ 16,553,172

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 \$442 for the year ended June 30, 2022. Employee contributions to DCRP amounted to \$547 for the year ended June 30, 2022.



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2022 was not available at the time of audit. Selected financial information as of June 30, 2021 is as follows:

	<u>New Jersey Schools Insurance Group</u>	<u>School Health Insurance Fund</u>
Total Assets	\$ 409,725,069	\$ 169,411,417
Net Position	\$ 171,872,738	\$ 115,748,222
Total Revenue	\$ 136,646,172	\$ 350,712,938
Total Expenses	\$ 104,006,539	\$ 336,487,290
Change in Net Position	\$ 32,639,633	\$ 4,346,722
Members Dividends	\$ -0-	\$ 9,878,926

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, 2022  
(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>
2021-2022	\$ -0-	\$ 11,327	\$ -0-	\$ 63,123
2020-2021	-0-	10,145	340	51,796
2019-2020	-0-	3,926	1,237	41,991

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, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 24,463	
Special Revenue Fund		\$ 23,171
Capital Projects Fund		1,635
Debt Service Fund	1,635	1,292
	<u>\$ 26,098</u>	<u>\$ 26,098</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. The interfund receivable in the General Fund is cash advanced to the Special Revenue and Debt Service Funds.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2022  
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2022, encumbrances in the governmental funds were:

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 342,345	\$ 21,019	\$ 363,364

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$342,345 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 \$21,019 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, 2022 were:

	General Fund	Special Revenue Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Total Business Type Activities
Vendors	\$ 1,252	\$ 8,719	\$ 9,971		\$ 9,971	\$ 16,414
Payroll Deductions and Withholdings	117,396		117,396		117,396	
Due to State of NJ				\$ 155,000	155,000	
	\$ 118,648	\$ 8,719	\$ 127,367	\$ 155,000	\$ 282,367	\$ 16,414

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, 2022  
(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 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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%
----------------	-------

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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 - 4.45%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 4.45%	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) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2022  
(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, 2019	\$ 16,481,369
Changes for Year:	
Service Cost	728,850
Interest Cost	594,491
Differences Between Expected and Actual Experiences	4,601,577
Changes in Assumptions	4,906,235
Member Contributions	14,173
Gross Benefit Payments	(467,595)
Net Changes	10,377,731
Balance at June 30, 2020	\$ 26,859,100

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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
	Total OPEB Liability Attributable to the District	\$ 32,380,031	\$ 26,859,100

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 21,681,571	\$ 26,859,100	\$ 33,024,386

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2022 the District recognized OPEB expense of \$1,233,105 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, 2020 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		\$ 1,630,037
	2018	9.51		1,434,739
	2019	9.29	\$ 193,388	
			<u>4,375,257</u>	
			<u>4,568,645</u>	<u>3,064,776</u>
Differences Between Expected and Actual Experience	2018	9.51		1,356,275
	2019	9.29		2,276,183
			<u>4,077,911</u>	
			<u>4,077,911</u>	<u>3,632,458</u>
Changes in Proportion	N/A	N/A		<u>741,380</u>
			<u>\$ 8,646,556</u>	<u>\$ 7,438,614</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>
2021	\$ (17,208)
2022	(17,206)
2023	(17,206)
2024	(17,206)
2025	(17,206)
Thereafter	<u>(1,863,290)</u>
	<u>\$ (1,949,322)</u>



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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0090659034%	0.0095749628%	0.0107134771%	0.0116706384%	0.0135899404%	0.0132423440%	0.0138265972%	0.0122577928%
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	\$ 1,452,119
District's covered employee payroll	\$ 739,333	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665
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%	170.30%
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%	70.33%

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 EIGHT 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	<u>(74,738)</u>	<u>(82,319)</u>	<u>(72,452)</u>	<u>(110,568)</u>	<u>(136,417)</u>	<u>(129,731)</u>	<u>(151,256)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
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%
							15.53%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.0406923023%
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	\$ 19,562,901
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	\$ 4,755,417
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%	411.38%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 1,288,038	\$ 1,668,869	\$ 2,715,203	\$ 2,046,935	\$ 1,660,160	\$ 1,401,532	\$ 1,594,920	\$ 460,234
Contributions in relation to the contractually required contribution	(233,793)	(367,791)	(475,702)	(436,105)	(761,494)	(854,329)	(1,182,876)	(1,718,129)
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>	<u>\$ (1,257,895)</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	\$ 5,233,514
Contributions as a percentage of covered employee payroll	29.23%	8.05%	11.94%	10.89%	16.80%	18.14%	24.87%	32.83%

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 915,717	\$ 754,727	\$ 655,720	\$ 728,850
Interest Cost	700,101	808,159	741,239	594,491
Differences Between Expected and Actual Experiences		(2,246,924)	(3,411,274)	4,601,577
Changes in Assumptions	(2,957,943)	(2,150,609)	245,739	4,906,235
Member Contributions	18,814	17,320	14,997	14,173
Gross Benefit Payments	(510,941)	(501,124)	(505,929)	(467,595)
Net Change in Total OPEB Liability	(1,834,252)	(3,318,451)	(2,259,508)	10,377,731
Total OPEB Liability - Beginning	23,893,580	22,059,328	18,740,877	16,481,369
Total OPEB Liability - Ending	<u>\$ 22,059,328</u>	<u>\$ 18,740,877</u>	<u>\$ 16,481,369</u>	<u>\$ 26,859,100</u>
District's Covered Employee Payroll *	\$ 5,340,344	\$ 4,880,244	\$ 4,925,895	\$ 5,466,579
Total OPEB Liability as a Percentage of Covered Employee Payroll	413%	384%	335%	491%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 11,155,138		\$ 11,155,138	\$ 11,155,138	
Tuition From Individuals	55,000		55,000	113,467	\$ 58,467
Transportation Fees From Individuals	8,000		8,000	4,872	(3,128)
Unrestricted Miscellaneous Revenues	53,000		53,000	40,037	(12,963)
Interest Earned on Maintenance Reserve	360		360	1,847	1,487
Interest Earned on Capital Reserve Funds	1,700		1,700	3,507	1,807
Other Restricted Miscellaneous Revenues				11,327	11,327
Total Revenues from Local Sources	<u>11,273,198</u>		<u>11,273,198</u>	<u>11,330,195</u>	<u>56,997</u>
Revenues from State Sources:					
Categorical Transportation Aid	47,259		47,259	47,259	
Extraordinary Aid				133,801	133,801
Categorical Special Education Aid	338,991		338,991	338,991	
Nonpublic Transportation Aid				10,107	10,107
Categorical Security Aid	35,667		35,667	35,667	
Securing Our Children's Future Bond Act (Alyssa's Law)		\$ 27,351	27,351	27,351	
TPAF Post Retirement Contributions (Non-Budgeted)				407,088	407,088
TPAF Pension Contributions (Non-Budgeted)				1,718,129	1,718,129
TPAF Non-Contributory Insurance (Non-Budgeted)				24,240	24,240
TPAF Long-Term Disability Insurance (Non-Budgeted)				965	965
Reimbursed TPAF Social Security Contributions				378,748	378,748
Total Revenues from State Sources	<u>421,917</u>	<u>27,351</u>	<u>449,268</u>	<u>3,122,346</u>	<u>2,673,078</u>
TOTAL REVENUE	<u>11,695,115</u>	<u>27,351</u>	<u>11,722,466</u>	<u>14,452,541</u>	<u>2,730,075</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 120,729		\$ 120,729	\$ 116,455	\$ 4,274
Kindergarten - Salaries of Teachers	244,349	\$ 38,400	282,749	262,706	20,043
Grades 1-5 - Salaries of Teachers	1,625,123	(38,400)	1,586,723	1,499,378	87,345
Grades 6-8 - Salaries of Teachers	1,582,495	(106,395)	1,476,100	1,381,083	95,017
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	650	1,650	1,140	510
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	10,000	5,000	15,000	8,798	6,202
Other Purchased Services (400-500 series)	95,460	(39,150)	56,310	51,029	5,281
General Supplies	307,289	124,972	432,261	338,726	93,535
Textbooks	1,106		1,106	1,063	43
<b>Total Regular Programs - Instruction</b>	<b>3,998,431</b>	<b>(15,573)</b>	<b>3,982,858</b>	<b>3,668,440</b>	<b>314,418</b>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	633,022	(4,471)	628,551	505,315	123,236
Other Salaries for Instruction	135,050	3,926	138,976	121,326	17,650
Purchased Professional-Educational Services		330	330	330	
General Supplies	5,928	(217)	5,711	5,155	556
<b>Total Resource Room/Resource Center</b>	<b>774,000</b>	<b>(432)</b>	<b>773,568</b>	<b>632,126</b>	<b>141,442</b>
Home Instruction:					
Salaries of Teachers	2,080		2,080		2,080
<b>Total Home Instruction</b>	<b>2,080</b>		<b>2,080</b>		<b>2,080</b>

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	\$ 776,080	\$ (432)	\$ 775,648	\$ 632,126	\$ 143,522
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	68,369	3,227	71,596	49,843	21,753
Supplies and Materials	700	(357)	343	343	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	69,069	2,870	71,939	50,186	21,753
School-Sponsored Athletics - Instruction:					
Salaries	43,223	(1,474)	41,749	32,352	9,397
Supplies and Materials	5,694	7,264	12,958	1,850	11,108
Total School-Sponsored Athletics - Instruction	48,917	5,790	54,707	34,202	20,505
<b>TOTAL INSTRUCTION</b>	4,892,497	(7,345)	4,885,152	4,384,954	500,198
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular		105,661	105,661	103,671	1,990
Tuition to Priv. Sch. for the Handicap. W/I State	530,440	(109,121)	421,319	250,364	170,955
Total Undistributed Expenditures - Instruction	530,440	(3,460)	526,980	354,035	172,945
Undistributed Expenditures - Health Services:					
Salaries	150,456	1,400	151,856	146,961	4,895
Purchased Professional and Technical Services	4,000	1,860	5,860	5,843	17
Supplies and Materials	2,949	13	2,962	2,960	2
Other Objects		1,102	1,102		1,102
Total Undist. Expenditures - Health Services	157,405	4,375	161,780	155,764	6,016

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 73,423		\$ 73,423	\$ 64,160	\$ 9,263
Purchased Professional - Educational Services	133,940	\$ (3,800)	130,140	95,324	34,816
Supplies and Materials	1,950	1,000	2,950	2,282	668
Total Undist. Expend. - Speech, OT, PT, Related Svcs	209,313	(2,800)	206,513	161,766	44,747
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	65,348	(20,000)	45,348	35,638	9,710
Purchased Professional - Educational Services		20,000	20,000		20,000
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	65,348		65,348	35,638	29,710
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	163,054	(13,352)	149,702	142,515	7,187
Salaries of Secretarial and Clerical Assistants	34,612	7,200	41,812	40,981	831
Other Purchased Prof. and Tech. Services	6,225	(1,588)	4,637	475	4,162
Supplies and Materials	1,950	475	2,425	1,838	587
Other Objects	525	(2)	523	450	73
Total Undist Expend. - Guidance	206,366	(7,267)	199,099	186,259	12,840
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	310,832	36,670	347,502	338,345	9,157
Salaries of Secretarial and Clerical Assistants	43,328		43,328	43,328	
Purchased Professional - Educational Services	19,422	(4,924)	14,498	14,498	
Other Purchased Prof. and Tech. Services	1,667		1,667	1,667	
Other Purchased Services (400-500 series)	1,000	930	1,930	365	1,565
Supplies and Materials	4,009	394	4,403	3,361	1,042

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team: (Cont'd)					
Other Objects	\$ 660		\$ 660	660	
Total Undist Expend. - Child Study Team	<u>380,918</u>	<u>\$ 33,070</u>	<u>413,988</u>	<u>402,224</u>	<u>\$ 11,764</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	138,196		138,196	138,196	
Salaries of Other Professional Staff	14,304	(7,284)	7,020	4,372	2,648
Salaries of Secretarial and Clerical Assistants	37,997	(17,996)	20,001	20,000	1
Other Salaries		11,045	11,045	10,885	160
Purchased Professional - Educational Services	300	14,325	14,325	14,325	
Supplies and Materials			300	125	175
Other Objects	1,148	(530)	618	593	25
Total Undist. Expend.-Improv. of Inst. Serv.	<u>191,945</u>	<u>(440)</u>	<u>191,505</u>	<u>188,496</u>	<u>3,009</u>
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	128,447	14,999	143,446	141,012	2,434
Salaries of Technology Coordinators	105,980		105,980	105,980	
Other Purchased Services (400-500 series)	159,074	(25)	159,049	148,651	10,398
Supplies and Materials	4,900	(300)	4,600	2,631	1,969
Other Objects	600		600	575	25
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>399,001</u>	<u>14,674</u>	<u>413,675</u>	<u>398,849</u>	<u>14,826</u>
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	5,000	16,960	21,960	20,740	1,220
Supplies and Materials		2,000	2,000	1,988	12
Total Undist.Expend.-Instructional Staff Training Services	<u>5,000</u>	<u>18,960</u>	<u>23,960</u>	<u>22,728</u>	<u>1,232</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 265,628	\$ (23,000)	\$ 242,628	\$ 226,200	\$ 16,428
Legal Services	36,154		36,154	20,196	15,958
Audit Fees	51,050	2,050	53,100	26,050	27,050
Other Purchased Professional Services	6,600	(5,200)	1,400	1,095	305
Communications / Telephone	9,700	700	10,400	5,651	4,749
BOE Other Purchased Services	5,300	2,000	7,300	5,981	1,319
Other Purch. Serv. (400-500 series other than 530 & 585)	40,000	8,200	48,200	40,978	7,222
General Supplies	5,000	(200)	4,800	2,387	2,413
BOE In-house training/ Meeting Supplies	2,042	520	2,562	2,545	17
Miscellaneous Expenditures	19,000	(70)	18,930	12,917	6,013
Total Undist. Expend.-Support Serv.-Gen. Admin.	440,474	(15,000)	425,474	344,000	81,474
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	291,745	4,026	295,771	295,763	8
Salaries of Secretarial and Clerical Assistants	104,739	(7,446)	97,293	89,360	7,933
Other Salaries		1,000	1,000	945	55
Other Purchased Services (400-500 series)	750	290	1,040	486	554
Supplies and Materials	6,206	25,730	31,936	6,044	25,892
Other Objects	6,088	(1,000)	5,088	2,967	2,121
Total Undist. Expend.-Support Serv.-School Adm.	409,528	22,600	432,128	395,565	36,563
Undist. Expend. - Central Services:					
Salaries	249,691	9,503	259,194	259,163	31
Purchased Professional Services	33,495	(7,001)	26,494	26,392	102
Miscellaneous Purchased Services (400-500 series other than 594)	3,200	500	3,700	2,421	1,279
Supplies and Materials	6,000	(2,500)	3,500	1,717	1,783
Other Objects	2,750	(500)	2,250	2,215	35
Total Undist. Expend. - Central Services	295,136	2	295,138	291,908	3,230

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 1,800		\$ 1,800	\$ 687	\$ 1,113
Total Undist. Expend. - Admin. Info. Technology	<u>1,800</u>		<u>1,800</u>	<u>687</u>	<u>1,113</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	27,756	\$ 206	27,962	27,410	552
Cleaning, Repair, and Maintenance Services	217,284	111,715	328,999	178,058	150,941
Lead Testing of Drinking Water	33,000	(29,300)	3,700	2,400	1,300
General Supplies	31,416	(350)	31,066	11,934	19,132
Other Objects	500	915	1,415	1,396	19
Total Undist. Expend.- Required Maint. for School Facilities	<u>309,956</u>	<u>83,186</u>	<u>393,142</u>	<u>221,198</u>	<u>171,944</u>
Undist. Expend.-Custodial Services:					
Salaries	312,479	33,880	346,359	344,444	1,915
Purchased Professional and Technical Services	3,000	(1,631)	1,369		1,369
Cleaning, Repair, and Maintenance Services	14,500	14,450	28,950	18,597	10,353
Other Purchased Property Services	143,460	(123,430)	20,030	19,865	165
Insurance	55,000		55,000	53,408	1,592
Miscellaneous Purchased Services	1,500		1,500		1,500
General Supplies	77,980	(18,974)	59,006	51,735	7,271
Energy (Natural Gas)	97,800	(31,750)	66,050	43,566	22,484
Energy (Electricity)	133,296	3,750	137,046	105,166	31,880
Other Objects		1,800	1,800	1,800	
Total Undist. Expend.-Custodial Services	<u>839,015</u>	<u>(121,905)</u>	<u>717,110</u>	<u>638,581</u>	<u>78,529</u>



MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 70,824	\$ 32,954	\$ 103,778	\$ 90,239	\$ 13,539
General Supplies	5,000	(4,023)	977	976	1
Total Care And Upkeep Of Grounds	75,824	28,931	104,755	91,215	13,540
Security:					
Salaries	15,000	25,000	40,000	40,000	
Purchased Professional and Technical Services	47,600	(45,000)	2,600		2,600
General Supplies	11,000	22,610	33,610	13,911	19,699
Total Security	73,600	2,610	76,210	53,911	22,299
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,298,395	(7,178)	1,291,217	1,004,905	286,312
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments - Nonpublic Students	31,500	6,000	37,500	33,950	3,550
Contract. Serv.(Bet. Home & Sch.) - Vendors		152	152	102	50
Contract. Serv.(Oth. than Bet. Home & Sch.) - Vend.	25,000		25,000	619	24,381
Contract. Serv.(Bet. Home & Sch.) -Joint Agrmnts.	83,000	(1,052)	81,948	75,508	6,440
Contract. Serv.(Spl. Ed. Students) - ESCs & CTSAAs	220,000	(15,100)	204,900	54,857	150,043
Total Undist. Expend.-Student Trans. Serv.	359,500	(10,000)	349,500	165,036	184,464

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>ALLOCATED BENEFITS</b>					
Regular Programs - Instruction:					
Social Security Contributions	\$ 90,196	\$ (90,196)			
Worker's Compensation	40,726	(40,726)			
Health Benefits	1,125,386	(1,125,386)			
Total Regular Programs - Instruction	1,256,308	(1,256,308)			
Special Programs - Instruction:					
Social Security Contributions	18,986	(18,986)			
Workers Compensation	8,573	(8,573)			
Health Benefits	236,892	(236,892)			
Total Special Programs - Instruction	264,451	(264,451)			
Other Instructional Programs - Instruction:					
Social Security Contributions	2,760	(2,760)			
Total Other Instructional Programs - Instruction	2,760	(2,760)			
Health Services:					
Social Security Contributions	3,720	(3,720)			
Workers Compensation	1,680	(1,680)			
Health Benefits	46,424	(46,424)			
Total Health Services	51,824	(51,824)			
Other Support Services - Speech, OT, PT & Related Svcs:					
Social Security Contributions	2,000	(2,000)			
Workers Compensation	819	(819)			
Health Benefits	22,655	(22,655)			
Total Other Supp Serv - Speech, OT, PT & Related Svcs	25,474	(25,474)			

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>ALLOCATED BENEFITS</b>					
Other Support Services - Guidance:					
Social Security Contributions	\$ 4,032	\$ (4,032)			
Workers Compensation	1,820	(1,820)			
Health Benefits	50,311	(50,311)			
Total Other Supp Serv - Guidance	56,163	(56,163)			
Other Support Services - Child Study Team:					
Social Security Contributions	4,300	(4,300)			
Workers Compensation	2,500	(2,500)			
Health Benefits	45,500	(45,500)			
Total Other Supp Serv - Child Study Team	52,300	(52,300)			
Improvement of Instruction Services:					
Social Security Contributions	4,357	(4,357)			
Workers Compensation	1,967	(1,967)			
Health Benefits	44,370	(44,370)			
Total Improvement of Instructional Services	50,694	(50,694)			
Educational Media Services - School Library:					
Social Security Contributions	5,797	(5,797)			
Workers Compensation	3,587	(3,587)			
Health Benefits	75,050	(75,050)			
Total Educational Media Services - School Library	84,434	(84,434)			

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>ALLOCATED BENEFITS</b>					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 680	\$ (680)			
Workmen's Compensation	307	(307)			
Health Benefits	13,486	(13,486)			
Total Required Maintenance For School Facilities	14,473	(14,473)			
Custodial Services:					
Social Security Contributions	10,500	(10,500)			
Unemployment Compensation	4,675	(4,675)			
Workmen's Compensation	102,000	(102,000)			
Total Custodial Services	117,175	(117,175)			
<b>TOTAL ALLOCATED BENEFITS</b>	1,976,056	(1,976,056)			
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	15,000	147,328	\$ 162,328	\$ 101,505	\$ 60,823
Other Retirement Contributions - PERS	150,000	(442)	149,558	143,553	6,005
Other Retirement Contributions - Regular		442	442	442	
Workers Compensation	5,520	66,654	72,174	49,458	22,716
Health Benefits	186,637	1,715,209	1,901,846	1,516,520	385,326
Tuition Reimbursement	20,000		20,000	3,211	16,789
Other Employee Benefits	110,000	(110,000)			
Unused Sick Payment to Terminated/Retired Staff	25,000	110,000	135,000	79,026	55,974
<b>TOTAL UNALLOCATED BENEFITS</b>	512,157	1,929,191	2,441,348	1,893,715	547,633

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 407,088	\$ 407,088	\$ (407,088)
TPAF Pension Contributions (Non-Budgeted)			1,718,129	1,718,129	(1,718,129)
TPAF Non-Contributory Insurance (Non-Budgeted)			24,240	24,240	(24,240)
TPAF Long-Term Disability Insurance (Non-Budgeted)			965	965	(965)
Reimbursed TPAF Social Security Contributions			378,748	378,748	(378,748)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			2,529,170	2,529,170	(2,529,170)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,488,213	\$ (46,865)	\$ 2,441,348	4,422,885	(1,981,537)
TOTAL UNDISTRIBUTED EXPENDITURES	7,438,782	671	7,439,453	8,530,745	(1,091,292)
TOTAL GENERAL CURRENT EXPENSE	12,331,279	(6,674)	12,324,605	12,915,699	(591,094)
CAPITAL OUTLAY					
Undistributed:					
Instruction	70,241		70,241	55,191	15,050
Student Transportation- Non-Instructional Equipment		27,351	27,351	27,351	
Total Equipment	70,241	27,351	97,592	82,542	15,050
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	35,000		35,000	34,438	562
Construction Services	647,398		647,398	615,698	31,700
Assessment for Debt Service on SDA Funding	33,463		33,463	33,463	
Total Facilities Acquisition and Const. Serv.	715,861		715,861	683,599	32,262
TOTAL CAPITAL OUTLAY	786,102	27,351	813,453	766,141	47,312
TOTAL EXPENDITURES	13,117,381	20,677	13,138,058	13,681,840	(543,782)

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (1,422,266)	\$ 6,674	\$ (1,415,592)	\$ 770,701	\$ (2,186,293)
Other Financing Sources/(Uses):					
Capital Contribution to Food Service Fund		(6,674)	(6,674)	(6,674)	
Transfers to Cover Deficit (Enterprise Fund)	(10,000)		(10,000)		(10,000)
Other Financing Sources/(Uses)	<u>(10,000)</u>	<u>(6,674)</u>	<u>(16,674)</u>	<u>(6,674)</u>	<u>(10,000)</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,432,266)		(1,432,266)	764,027	(2,196,293)
Fund Balance, July 1	6,475,295		6,475,295	6,475,295	
Fund Balance, June 30	<u>\$ 5,043,029</u>	<u>\$ -0-</u>	<u>\$ 5,043,029</u>	<u>\$ 7,239,322</u>	<u>\$ (2,196,293)</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 572,486	
Excess Surplus - Restricted For 2023-2024				886,542	
Excess Surplus - Restricted For 2022-2023				63,123	
Unemployment Compensation				3,510,247	
Capital Reserve				1,274,564	
Maintenance Reserve				342,345	
Assigned Fund Balance:				590,015	
Year End Encumbrances				7,239,322	
Unassigned Fund Balance				<u>(30,550)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>\$ 7,208,772</u>	
Fund Balance per Governmental Funds (GAAP)					

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 6,000	\$ 78,659	\$ 84,659	\$ 64,519	\$ 20,140
State Sources	3,300		3,300		3,300
Federal Sources	150,000	441,663	591,663	259,193	332,470
Total Revenue	<u>159,300</u>	<u>520,322</u>	<u>679,622</u>	<u>323,712</u>	<u>355,910</u>
Expenditures:					
Instruction:					
Salaries of Teachers	12,000	95,918	107,918	39,488	68,430
Purchased Professional and Technical Services	119,000	(93,898)	25,102	25,102	
Other Purchased Services		96,949	96,949	73,000	23,949
General Supplies	500	59,729	60,229	11,048	49,181
Textbooks	500		500		500
Total Instruction	<u>132,000</u>	<u>158,698</u>	<u>290,698</u>	<u>148,638</u>	<u>142,060</u>
Support Services:					
Salaries of Other Professional Staff	900	723	1,623	723	900
Purchased Professional and Technical Services	3,000	166,364	169,364	64,693	104,671
Other Purchased Services	16,000	33,696	49,696	31,783	17,913
Supplies and Materials	1,400		1,400		1,400
Student Activities		63,169	63,169	63,169	
Total Support Services	<u>21,300</u>	<u>263,952</u>	<u>285,252</u>	<u>160,368</u>	<u>124,884</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	6,000	160,841	166,841	20,634	146,207
Total Facilities Acquisition and Construction Services	<u>6,000</u>	<u>160,841</u>	<u>166,841</u>	<u>20,634</u>	<u>146,207</u>
Total Expenditures	<u>159,300</u>	<u>583,491</u>	<u>742,791</u>	<u>329,640</u>	<u>413,151</u>
Excess/(Deficiency) of Revenue					
Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ (63,169)</u>	<u>\$ (63,169)</u>	<u>\$ (5,928)</u>	<u>\$ (57,241)</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 14,452,541	\$ 323,712
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.		
Prior Year Encumbrances		38,312
Current Year Encumbrances		(21,019)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	22,685	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(30,550)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 14,444,676	 \$ 341,005
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,681,840	\$ 329,640
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.		17,293
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 13,681,840	 \$ 346,933



MENDHAM BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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, 2022 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, 2022

	Elementary and Secondary Education Aid		CRRSA	
	Title IIA	Title I	ESSER II	Learning Acceleration
REVENUE:				
Federal Sources	\$ 17,055	\$ 14,341	\$ 40,743	\$ 22,728
Local Sources				
Total Revenue	17,055	14,341	40,743	22,728
EXPENDITURES:				
Instruction:				
Salaries of Teachers		14,168		17,850
Purchased Professional and Technical Services				
General Supplies				2,378
Textbooks				
Total Instruction		14,168		20,228
Support Services:				
Salaries of Other Professional Staff	550	173		
Purchased Professional & Technical Services	6,250		40,743	2,500
Other Purchased Services	10,255			
Student Activities				
Total Support Services	17,055	173	40,743	2,500
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 17,055	\$ 14,341	\$ 40,743	\$ 22,728

MENDHAM BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CRRSA	ARP	ARP	
	Mental Health	Accelerated Learning	Evidence Based Summer Learning	Local Grants
REVENUE:				
Federal Sources	\$ 4,500	\$ 11,250	\$ 7,470	\$ 7,278
Local Sources				
Total Revenue	<u>4,500</u>	<u>11,250</u>	<u>7,470</u>	<u>7,278</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			7,470	
Purchased Professional and Technical Services				
Other Purchased Services		7,920		750
General Supplies				
Total Instruction		<u>7,920</u>	<u>7,470</u>	<u>750</u>
Support Services:				
Salaries of Other Professional Staff				
Purchased Professional & Technical Services	4,500	3,330		6,528
Other Purchased Services				
Student Activities				
Total Support Services	<u>4,500</u>	<u>3,330</u>		<u>6,528</u>
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 4,500</u>	<u>\$ 11,250</u>	<u>\$ 7,470</u>	<u>\$ 7,278</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Student Activities	ARP - IDEA		IDEA Part B		Totals June 30, 2022
		Basic		Preschool	Basic	
REVENUE:						
Federal Sources	\$ 57,241	\$ 20,634	\$ 7,370	\$ 113,102	\$ 259,193	
Local Sources					64,519	
Total Revenue	57,241	20,634	7,370	113,102	323,712	
EXPENDITURES:						
Instruction:						
Salaries of Teachers					39,488	
Purchased Professional and Technical Services					25,102	
Other Purchased Services					73,000	
General Supplies					11,048	
Total Instruction				98,102	148,638	
Support Services:						
Salaries of Other Professional Staff					723	
Purchased Professional & Technical Services			7,370		64,693	
Other Purchased Services				15,000	31,783	
Student Activities	63,169				63,169	
Total Support Services	63,169		7,370	15,000	160,368	
Facilities Acquisition:						
Instructional Equipment		20,634			20,634	
Total Facilities Acquisition		20,634			20,634	
Total Expenditures	\$ 63,169	\$ 20,634	\$ 7,370	\$ 113,102	\$ 329,640	

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, 2022

Revenue:	
Interest Income	\$ 163
Total Revenue	<u>163</u>
Other Financing Uses:	
Transfers Out:	
Debt Service Fund	<u>(163)</u>
Total Other Financing Uses	<u>(163)</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, 2022

	Prior Periods	Totals	Revised Authorized Cost
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	401,895	401,895	401,895
Expenditures			
Purchased Professional and Technical Services	25,365	25,365	32,000
Construction Services	293,875	293,875	369,895
Total Expenditures	319,240	319,240	401,895
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 82,655	\$ 82,655	\$ -0-

## Additional Project Information:

Project Number	3090-050-14-1001
Grant Date	3/28/2014
Original Authorized Cost	\$ 456,998
Revised Authorized Cost	\$ 401,895
Percentage Decrease from Original Authorized Cost	12.06%
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, 2022

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	10,250
Intergovernmental Accounts Receivable:		
State		248
Federal		11,001
Inventories		10,400

Total Current Assets		31,899
----------------------	--	--------

Capital Assets:

Furniture and Equipment		180,731
Less: Accumulated Depreciation		(151,304)

Total Capital Assets		29,427
----------------------	--	--------

Total Assets		61,326
--------------	--	--------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors		16,414
Unearned Revenue - Prepaid Sales		5,005

Total Liabilities		21,419
-------------------	--	--------

NET POSITION:

Investment in Capital Assets		29,427
Unrestricted		10,480

Total Net Position	\$	39,907
--------------------	----	--------

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, 2022

Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 26,159
Total Operating Revenue	<u>26,159</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	76,885
Salaries, Benefits & Payroll Taxes	89,607
Supplies, Insurance & Other Costs	15,193
Management Fee	16,800
Depreciation Expense	6,627
Miscellaneous Expenses	5,461
Total Operating Expenses	<u>210,573</u>
Operating Loss	<u>(184,414)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	24
State Sources:	
COVID-19 - Seamless Summer Option	4,231
Federal Sources:	
COVID-19 - Seamless Summer Option - Lunch	179,889
COVID-19 - Seamless Summer Option - Snack Program	3,880
Total Non-Operating Revenue	<u>188,024</u>
Change in Net Position Before Capital Contributions	3,610
Capital Contribution from General Fund	<u>6,674</u>
Changes in Net Position After Capital Contributions	10,284
Net Position - Beginning of Year	<u>29,623</u>
Net Position - End of Year	<u>\$ 39,907</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 26,499
Payments to Food Service Vendor	(192,784)
Payments to Suppliers	(3,443)
Net Cash Used for Operating Activities	<u>(169,728)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	24
State Sources:	
COVID-19 Seamless Summer Option	3,983
Federal Sources:	
COVID-19 Seamless Summer Option - Lunch	169,122
COVID-19 Seamless Summer Option - Snack Program	3,646
Net Cash Provided by Noncapital Financing Activities	<u>176,775</u>
Net Increase in Cash and Cash Equivalents	7,047
Cash and Cash Equivalents, July 1	<u>3,203</u>
Cash and Cash Equivalents, June 30	<u>\$ 10,250</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (184,414)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	6,627
Changes in Assets and Liabilities:	
(Increase) in Inventory	(6,658)
Increase in Accounts Payable	14,377
Increase in Unearned Revenue - Prepaid Sales	340
Net Cash Used for Operating Activities	<u>\$ (169,728)</u>

FIDUCIARY ACTIVITIES  
(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		Interest Rate	Balance June 30, 2021	Matured	Balance June 30, 2022
			Date	Outstanding June 30, 2022 Amount				
2014 Series Refunding Bonds	12/02/2014	\$ 6,075,000	3/1/2023	\$ 560,000	4.000%			
			3/1/2024	555,000	3.000%			
			3/1/2025	540,000	3.000%	\$ 2,595,000	\$ 570,000	\$ 2,025,000
			3/1/2026	370,000	3.000%	<u>\$ 2,595,000</u>	<u>\$ 570,000</u>	<u>\$ 2,025,000</u>



MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 652,158	\$ 652,158	\$ 652,158	
Total Revenue	<u>652,158</u>	<u>652,158</u>	<u>652,158</u>	
EXPENDITURES:				
Regular Debt Service:				
Interest	83,450	83,450	83,450	
Redemption of Principal	570,000	570,000	570,000	
Total Regular Debt Service	<u>653,450</u>	<u>653,450</u>	<u>653,450</u>	
Total Expenditures	<u>653,450</u>	<u>653,450</u>	<u>653,450</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(1,292)</u>	<u>(1,292)</u>	<u>(1,292)</u>	
Other Financing Sources:				
Capital Projects Fund - Interest Earned			163	\$ 163
Total Other Financing Sources	<u>-0-</u>	<u>-0-</u>	<u>163</u>	<u>163</u>
Excess/(Deficit) of Revenues and Other Financing Source Over/(Under) Expenditures	<u>(1,292)</u>	<u>(1,292)</u>	<u>(1,129)</u>	<u>163</u>
Fund Balance, July 1	<u>1,472</u>	<u>1,472</u>	<u>1,472</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 343</u>	<u>\$ 163</u>
<u>Recapitulation:</u>				
Restricted			\$ 180	
Restricted for Subsequent Year's Expenditures			<u>163</u>	
			<u>\$ 343</u>	

**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**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 5,785,719
Restricted	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	6,350,121
Unrestricted/(Deficit)	(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)	(1,796,918)
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,564,752</b>	<b>\$ 1,353,398</b>	<b>\$ 2,276,873</b>	<b>\$ 2,871,379</b>	<b>\$ 3,625,440</b>	<b>\$ 2,980,331</b>	<b>\$ 4,354,350</b>	<b>\$ 6,479,805</b>	<b>\$ 8,389,445</b>	<b>\$ 10,338,922</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 16,668	\$ 21,729	\$ 20,416	\$ 8,591	\$ 3,899				\$ 29,380	\$ 29,427
Unrestricted/(Deficit)	2,688	(959)	1,688	(3,702)	5,691	8,004	3,442	2,981	243	10,480
<b>Total Business-Type Activities Net Position</b>	<b>\$ 19,356</b>	<b>\$ 20,770</b>	<b>\$ 22,104</b>	<b>\$ 4,889</b>	<b>\$ 9,590</b>	<b>\$ 8,004</b>	<b>\$ 3,442</b>	<b>\$ 2,981</b>	<b>\$ 29,623</b>	<b>\$ 39,907</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 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	\$ 5,815,146
Restricted	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	6,350,121
Unrestricted/(Deficit)	(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)	(1,786,438)
<b>Total District Net Position</b>	<b>\$ 5,584,108</b>	<b>\$ 1,374,168</b>	<b>\$ 2,298,977</b>	<b>\$ 2,876,268</b>	<b>\$ 3,635,030</b>	<b>\$ 2,988,335</b>	<b>\$ 4,357,792</b>	<b>\$ 6,482,786</b>	<b>\$ 8,419,068</b>	<b>\$ 10,378,829</b>

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ 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	\$ 6,340,840
Special Education	964,696	925,829	916,686	1,205,337	1,317,990	1,343,679	1,383,381	1,128,171	1,119,347	1,120,201
School-Sponsored/Other Instruction	106,104	107,527	89,683	84,762	98,615	122,234	96,801	333,048	304,963	110,119
Support Services:										
Tuition	335,006	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035
Student & Instruction Related Services	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	2,568,962
General Administrative Services	396,745	476,372	441,942	347,787	361,196	419,805	394,511	445,427	523,991	361,254
School Administrative Services	486,753	500,426	491,406	532,630	531,481	516,622	467,142	538,138	580,809	438,633
Central Services	227,674	235,687	244,826	240,447	259,776	269,513	262,176	389,235	410,513	379,868
Administrative Information Technology										871
Plant Operations and Maintenance	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	1,162,089
Pupil Transportation	209,032	257,778	240,034	276,940	324,340	313,428	213,450	107,389	115,054	178,916
Capital Outlay	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	34,275
Total Governmental Activities Expenses	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	13,050,063
Business-Type Activities:										
Food Service	170,442	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573
Total Business-type Activities Expense	170,442	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573
Total District Expenses	\$ 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	\$ 13,260,636
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 50,000	\$ 54,165	\$ 16,265	\$ 16,265	\$ 15,000	\$ 33,260	\$ 61,700	\$ 51,550	\$ 35,633	\$ 113,467
Student Activities										
Operating Grants and Contributions	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	57,241
Total Governmental Activities Program Revenues	1,504,664	1,472,571	2,634,445	3,054,397	4,005,648	3,428,585	3,563,153	2,656,495	2,938,097	3,091,855
Business-Type Activities:										
Charges for Services:										
Food Service	147,012	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233	26,159
Operating Grants and Contributions	10									188,000
Total Business-type Activities Program Revenues	147,022	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233	214,159
Total District Program Revenues	\$ 1,651,686	\$ 1,617,234	\$ 2,773,325	\$ 3,213,063	\$ 4,165,034	\$ 3,588,431	\$ 3,732,386	\$ 2,770,832	\$ 2,968,330	\$ 3,306,014

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (9,958,208)
Business-Type Activities	(23,420)	(18,796)	(9,528)	(24,011)	(13,662)	(18,728)	(19,963)	(16,062)	(21,596)	3,586
Total District-wide Net Expense	\$ (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)	\$ (9,954,622)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 11,155,138
Taxes Levied for Debt Service	926,681	934,744	925,144	830,250	737,485	773,082	744,700	715,048	685,044	652,158
Federal and State Aid not Restricted			127,696							
Investment Earnings	2,663	2,789	1,773	2,101	5,166	5,511	6,267	11,275	11,895	16,681
Miscellaneous Income	44,148	102,925	30,008	58,442	63,255	68,001	75,459	189,754	43,013	90,382
Transfers			(5,531)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(48,232)	(6,674)
Total Governmental Activities	\$ 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	\$ 11,907,685
Business-Type Activities:										
Investment Earnings	\$ 15,374	\$ 20,210	\$ 7,581	\$ 7,059	\$ 8,363	\$ 12,184	\$ 9,172	\$ 10,670	\$ 4	\$ 24
Miscellaneous Income			5,531	6,870	10,000	4,958	6,229	4,927	48,232	6,674
Transfers										
Total Business-Type Activities	15,374	20,210	13,112	13,929	18,363	17,142	15,401	15,601	48,238	6,698
Total District-Wide General Revenue	\$ 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	\$ 11,914,383
Governmental Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment		(2,737,432)								
Business-Type Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment			(2,250)		(7,133)					
Total Special Items		(2,737,432)	(2,250)		(7,133)					
Change in Net Position:										
Governmental Activities	680,972	(2,187,990)	923,475	594,506	754,061	(645,109)	1,374,019	2,125,455	1,909,640	1,949,477
Business-type Activities	(8,046)	1,414	1,334	(17,215)	4,701	(1,586)	(4,562)	(461)	26,642	10,284
Total District	\$ 672,926	\$ (2,186,576)	\$ 924,809	\$ 577,291	\$ 758,762	\$ (646,695)	\$ 1,369,457	\$ 2,124,994	\$ 1,936,282	\$ 1,959,761

Source: School District Financial Reports

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 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	\$ 6,306,962
Assigned	293,336	172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345
Unassigned		308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465
Total General Fund	\$ 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	\$ 7,208,772
All Other Governmental Funds:										
Restricted	\$ 125	\$ 160	\$ 69,365	\$ 69,733	\$ 1,050	\$ 1,584	\$ 3,058	\$ 46,898	\$ 50,216	\$ 43,159
Committed, Reported in:										
Capital Projects Fund			82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655
Total All Other Governmental Funds	\$ 125	\$ 160	\$ 152,020	\$ 152,388	\$ 83,705	\$ 84,239	\$ 85,713	\$ 129,553	\$ 132,871	\$ 125,814
Governmental Funds:										
Restricted	\$ 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	\$ 6,350,121
Assigned		172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345
Committed			82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655
Unassigned	293,336	308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465
Total Governmental Funds	\$ 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	\$ 7,334,586

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 11,807,296
Tuition Charges	45,961	50,000	54,165	16,265	15,000	33,260	61,700	51,550	35,633	113,467
Interest Earnings	2,663	2,789	1,773	2,101	5,166	5,511	6,267	8,402	8,142	5,354
Miscellaneous	48,826	125,327	30,008	58,863	88,626	77,863	79,383	183,108	75,929	158,950
State Sources	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	3,114,481
Federal Sources	151,785	192,062	171,879	190,901	101,543	154,201	237,056	182,248	193,602	238,454
<b>Total Revenue</b>	<b>11,368,935</b>	<b>11,403,808</b>	<b>11,993,530</b>	<b>12,335,399</b>	<b>12,764,791</b>	<b>13,300,050</b>	<b>13,674,349</b>	<b>13,784,358</b>	<b>14,345,792</b>	<b>15,438,002</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	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	3,924,200
Special Education Instruction	660,853	669,484	539,080	648,494	634,961	729,483	760,311	679,389	655,410	660,130
School-Sponsored/Other Instruction	96,363	101,356	86,519	83,324	91,520	114,834	96,801	78,168	43,049	84,388
<b>Support Services:</b>										
Tuition	335,006	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035
Student & Instruction Related Services	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	1,614,893
General Administrative Services	338,396	331,894	363,180	320,775	326,380	370,769	363,978	365,927	428,378	344,000
School Administrative Services	386,299	386,198	402,728	513,695	477,036	407,860	411,265	409,170	439,363	395,565
Central Services	173,727	736,752	637,244	232,780	241,502	254,455	253,079	276,946	266,216	291,908
Administrative Information Technology									2,791	687
Pupil Transportation	209,032	257,778	244,992	276,940	324,340	313,428	213,450	107,389	110,948	165,036
Plant Operations and Maintenance	714,404	187,767	207,771	699,059	818,254	910,251	1,001,140	794,541	803,714	1,004,905
Allocated and Unallocated Benefits	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	4,422,885
Capital Outlay	162,040	387,125	849,214	131,594	332,764	569,757	541,053	589,169	242,679	766,141
Debt Service:										
Principal	585,000	615,000	640,000	585,000	585,000	575,000	575,000	575,000	575,000	570,000
Interest and Other Charges	341,681	319,744	220,852	245,250	221,850	198,450	169,700	140,950	112,200	83,450
<b>Total Expenditures</b>	<b>11,007,025</b>	<b>11,530,638</b>	<b>12,204,847</b>	<b>12,093,483</b>	<b>12,302,165</b>	<b>13,003,680</b>	<b>12,697,598</b>	<b>12,389,957</b>	<b>12,662,672</b>	<b>14,682,223</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>361,910</b>	<b>(126,830)</b>	<b>(211,317)</b>	<b>241,916</b>	<b>462,626</b>	<b>296,370</b>	<b>976,751</b>	<b>1,394,401</b>	<b>1,683,120</b>	<b>755,779</b>
<b>Other Financing Sources/(Uses):</b>										
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	\$ 105	\$ 35	\$ 274,366	\$ 368	\$ 682	\$ 902	\$ 1,474	\$ 1,292	\$ 180	\$ 163
Transfers Out	(105)	(35)	(279,897)	(7,238)	(10,682)	(5,860)	(7,703)	(6,219)	(12,983)	(6,837)
<b>Total Other Financing Sources/(Uses)</b>			<b>(5,531)</b>	<b>(6,870)</b>	<b>(10,000)</b>	<b>(4,958)</b>	<b>(6,229)</b>	<b>(4,927)</b>	<b>(12,803)</b>	<b>(6,674)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 361,910</b>	<b>\$ (126,830)</b>	<b>\$ (216,848)</b>	<b>\$ 235,046</b>	<b>\$ 452,626</b>	<b>\$ 291,412</b>	<b>\$ 970,522</b>	<b>\$ 1,389,474</b>	<b>\$ 1,670,317</b>	<b>\$ 749,105</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>8.5%</b>	<b>8.4%</b>	<b>7.6%</b>	<b>6.9%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>5.5%</b>	<b>4.7%</b>

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>
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
2022	5,354	113,467	17,965	38,271	175,057

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	9,704,800	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	8,769,000	1,098,793,700	69,130,000	351,800	101,575,300	2,342,200	1,280,962,000	125,379,300	2,007,273	1,282,969,973	0.88	1,377,413,257
2019	8,306,100	1,095,646,700	65,860,900	348,400	100,209,700	2,342,200	1,272,714,000	130,379,300	2,123,156	1,274,837,156	0.87	1,363,844,456
2020	8,110,700	1,095,960,000	63,823,500	348,300	98,555,600	2,342,200	1,269,140,300	131,042,600	2,123,156	1,271,263,456	0.91	1,367,265,859
2021	7,036,400	1,088,589,100	63,228,100	548,000	98,368,300	2,342,200	1,260,112,100	131,044,800	2,390,052	1,262,502,152	0.94	1,314,880,091

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	West Morris Regional High School	Municipal Open Space	Mendham Borough	Morris County	
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
2021	0.85	0.09	0.94	0.62	0.01	0.52	0.27	2.35

Source: Municipal Tax Collector and School Business Administrator

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

	2021	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
V-Fee Realty	\$ 22,611,800	1.79%
Shemy LLC	9,347,300	0.74%
Escada LLC	8,564,900	0.68%
Holly Manor	8,558,600	0.68%
Roxiticus Golf Club	8,003,500	0.63%
Individual Taxpayer #1	5,652,500	0.45%
Individual Taxpayer #2	5,201,800	0.41%
Individual Taxpayer #3	5,000,000	0.40%
Individual Taxpayer #4	4,779,200	0.38%
Individual Taxpayer #5	4,396,300	0.35%
Total	\$ 82,115,900	6.50%

	2012	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2022	11,807,296	11,807,296	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><sup>a</sup></u>	<u>Per Capita <sup>a</sup></u>
2013	\$ 7,760,000	\$ 7,760,000	1.92%	\$ 1,552
2014	7,145,000	7,145,000	1.70%	1,435
2015	6,065,000	6,065,000	1.38%	1,223
2016	5,480,000	5,480,000	1.21%	1,108
2017	4,895,000	4,895,000	1.06%	994
2018	4,320,000	4,320,000	0.91%	882
2019	3,745,000	3,745,000	0.78%	773
2020	3,170,000	3,170,000	0.64%	656
2021	2,595,000	2,595,000	0.51%	522
2022	2,025,000	2,025,000	0.40%	407

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 7,760,000	\$ -0-	\$ 7,760,000	0.602%	\$ 1,552
2014	7,145,000	-0-	7,145,000	0.557%	1,435
2015	6,065,000	-0-	6,065,000	0.473%	1,223
2016	5,480,000	-0-	5,480,000	0.427%	1,108
2017	4,895,000	-0-	4,895,000	0.381%	994
2018	4,320,000	-0-	4,320,000	0.337%	882
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%	522
2022	2,025,000	-0-	2,025,000	0.160%	407

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, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mendham Borough	\$ 2,595,000	100.00%	\$ 2,595,000
West Morris Regional High School District Debt (Borough Share)	6,230,000	15.89%	990,139
Morris County General Obligation Debt (Borough Share)	235,030,042	1.40%	<u>3,284,898</u>
Subtotal, Overlapping Debt			6,870,038
Mendham Borough School District Direct Debt			<u>2,595,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,465,038</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 2022

	Equalized Valuation Basis		
	2021	2020	2019
	\$ 1,363,610,107	1,319,684,205	1,366,746,134
	<u>\$ 4,050,040,446</u>		<u>\$ 1,350,013,482</u>
Average Equalized Valuation of Taxable Property			
Debt Limit (a) (3% of Average Equalization Value)			
Net Bonded School Debt	\$ 40,500,404	2,025,000	38,475,404
Legal Debt Margin	<u>\$ 38,475,404</u>		<u>\$ 38,475,404</u>

Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 40,500,404
Total Net Debt Applicable to Limit	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	2,025,000
Legal Debt Margin	<u>\$ 33,653,077</u>	<u>\$ 33,717,032</u>	<u>\$ 35,041,402</u>	<u>\$ 35,733,033</u>	<u>\$ 36,508,760</u>	<u>\$ 36,815,089</u>	<u>\$ 37,399,250</u>	<u>\$ 37,905,762</u>	<u>\$ 37,951,879</u>	<u>\$ 38,475,404</u>

Total Net Debt Applicable to the Limit	18.74%	17.49%	14.75%	13.30%	11.82%	10.50%	9.10%	7.72%	6.40%	5.00%
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 NISA 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 <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Total County Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	5,001	\$ 81,026	\$ 405,211,026	6.30%
2014	4,979	84,287	419,664,973	4.70%
2015	4,961	88,298	438,046,378	3.70%
2016	4,945	91,252	451,241,140	3.80%
2017	4,924	93,544	460,610,656	3.70%
2018	4,900	97,244	476,495,600	3.60%
2019	4,845	99,140	480,333,300	3.00%
2020	4,836	102,227	494,369,772	6.20%
2021	4,973	102,227 *	508,374,871 ***	4.80%
2022	4,973 **	102,227 *	508,374,871 ***	N/A

\* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

\*\*\* - Latest County Personal Income data available (2020) and latest population data available (2021) was used for calculation purposes.

N/A - Information unavailable.

Source:

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

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

	2021		2012			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System		7,642	2.91%			NOT AVAILABLE
Picatinny Arsenal		6,000	2.28%			
Novartis		5,200	1.98%			
Bayer		3,483	1.33%			
Barclays		2,560	0.97%			
ADP		2,400	0.91%			
Accenture		1,826	0.70%			
Honeywell		1,704	0.65%			
St. Clare's Health System		1,638	0.62%			
County of Morris		1,469	0.56%			
Total		<u>33,922</u>	<u>12.91%</u>			
Total County Labor Force		<u>262,719</u>				

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	49.40	45.90	46.00	46.00	46.00	46.00	47.00	50.00	42.68	47.50
Special Education	10.80	10.50	10.50	10.50	10.50	10.50	13.00	18.00	17.50	18.00
Support Services:										
Student & Instruction Related Services	12.60	12.60	13.00	13.00	13.00	13.00	13.00	10.00	8.71	8.50
School Administrative Services	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
General and Business Administrative Services	4.00	4.00	4.00	4.20	4.20	4.20	4.00	5.00	5.00	5.00
Plant Operations and Maintenance	5.00	7.00	7.50	7.50	7.50	7.50	7.00	7.00	8.00	7.00
<b>Total</b>	<b>86.30</b>	<b>84.00</b>	<b>85.00</b>	<b>85.20</b>	<b>85.20</b>	<b>85.20</b>	<b>88.00</b>	<b>94.00</b>	<b>85.89</b>	<b>90.00</b>

Source: District Personnel Records

MENDHAM BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary	Middle School				
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	483	11,732,793	24,291	10.45%	66.00	1:10	1:12	482	473	-3.21%	98.13%
2022	480	13,262,632	27,630	13.75%	66.00	1:11	1:12	479	472	-0.62%	98.54%

Sources: Mendham Borough School District records

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

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

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

<sup>d</sup> 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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hilltop School										
Square Feet	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,446
Capacity (students)	428	428	428	428	428	428	428	428	428	428
Enrollment	336	303	307	278	272	264	280	259	259	251
Mountain View School										
Square Feet	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	90,347
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	316	307	292	290	258	255	261	245	245	229

Number of Schools at June 30, 2022

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>
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
2022	124,719	96,479	221,198

\* 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, 2022  
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
<b>Crime Coverage:</b>		
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 - 6/30/21-22	200,000	None
Bond for Treasurer		
Selective Insurance - 8/10/21-6/30/22	200,000	None
Student Accident - Voluntary Coverage only		
Guaranteed Trust Life - 7/1/21-22	25,000	None

Source: Mendham Borough School District records

SINGLE AUDIT SECTION



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 "Office"), 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 (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, 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 31, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Report on 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.

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

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 or significant deficiencies may exist that were not identified.

### **Report on 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 31, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

---

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



Mount Arlington, NJ  
 Newton, NJ  
 Bridgewater, NJ  
 973.298.8500  
 nisivoccia.com  
 Independent Member  
 BKR International

Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance Required by NJOMB 15-08

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 each of the District's major state programs for the fiscal year ended June 30, 2022. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

October 31, 2022  
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, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Budgetary Expenditures	Balance at June 30, 2022 Due to Grantor	Amount Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			
U.S. Department of Agriculture Passed-through State Department of Agriculture: Child Nutrition Cluster: COVID-19 - Seamless Summer Option After School Snacks	10.555 10.555	N/A N/A	7/1/21-6/30/22 7/1/21-6/30/22	\$ 179,889 3,880	\$ 169,122 3,646	\$ (179,889) (3,880)	\$ (10,767) (234)		
Total U.S. Department of Agriculture / Child Nutrition Cluster / Enterprise Funds					172,768	(183,769)	(11,001)		
U.S. Department of Education: Passed-through State Department of Education: Elementary and Secondary Education Act: Title II - Part A Title II - Part A Subtotal Title II - Part A Title I Title I Subtotal Title I	84.367 84.367 84.010 84.010	ESEA-3090-22 ESEA-3090-21 ESEA-3090-22 ESEA-3090-21	7/1/21-9/30/22 7/1/20-9/30/21 7/1/21-9/30/22 7/1/20-9/30/21	17,055 7,111 14,341 15,039	6,250 6,561 14,341 13,500	(17,055) (17,055) (14,341) (14,341)	(10,805) (10,805)		
Special Education Cluster: I.D.E.A. Part B, Basic I.D.E.A. Part B, Preschool I.D.E.A. Part B, Preschool ARP - I.D.E.A. Part B, Basic Tc Total Special Education Cluster	84.027 84.173 84.173 84.173X	IDEA-3090-22 IDEA-3090-22 IDEA-3090-21 IDEA-3090-22	7/1/21-9/30/22 7/1/21-9/30/22 7/1/20-9/30/21 7/1/21-9/30/22	113,102 7,370 11,509 20,634	78,153 1,800 1,140 81,093	(113,102) (7,370) (1,140) (141,106)	(34,949) (5,570)		
Education Stabilization Fund: COVID-19 - CRRSA - ESSER II COVID-19 - CRRSA - Learning Accelerating COVID-19 - CRRSA - Mental Health COVID-19 - ARP - Accelerated Learning Coaching and Educator Support COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities Total Educational Stabilization Fund	84.425D 84.425D 84.425D 84.425U 84.425U	S425D2100027 S425D2100027 S425D2100027 S425U210027 S425U210027	3/13/20-9/30/23 3/13/20-9/30/23 3/13/20-9/30/23 3/13/20-9/30/24 3/13/20-9/30/24	49,482 25,000 45,000 50,000 40,000	30,130 21,501 7,920 59,551 181,296	(40,743) (22,728) (4,500) (11,250) (7,470)	(10,613) (1,227) (4,500) (3,330) (7,470)		
Total U.S. Department of Education / Special Revenue Fund					354,064	(442,962)	(99,098)		
Total Federal Financial Awards					\$ 354,064	\$ (442,962)	\$ (110,099)	\$ -0-	

N/A - Not Applicable or Not Available

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Balance June 30, 2022		Memo					
				Unearned Revenue/(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Balances	Unearned Revenue/(Accounts Receivable)	Due to Grantor	Budgetary Unearned Revenue/(Accounts Receivable)	Cumulative Total Expenditures	
<b>State Department of Education:</b>													
<b>General Fund State Aid:</b>													
Categorical Special Education Aid	21-495-034-5120-085	7/1/20-6/30/21	\$ 266,892	\$ (17,307)	\$ 17,307								\$ 266,892
Security Aid	21-495-034-5120-078	7/1/20-6/30/21	35,667	(2,313)	2,313								35,667
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	47,259	(3,065)	3,065								47,259
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	11,883	(11,883)	11,883								11,883
Extraordinary Special Education Costs	21-100-034-5120-044	7/1/20-6/30/21	111,717	(111,717)	111,717								111,717
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	342,643	(16,724)	16,724								342,643
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,718,129		1,718,129								1,718,129
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	407,088		407,088								407,088
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	24,240		24,240								24,240
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	965		965								965
Categorical Special Education Aid	22-495-034-5120-085	7/1/21-6/30/22	338,991		314,445								338,991
Security Aid	22-495-034-5120-078	7/1/21-6/30/22	35,667		33,084								35,667
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	47,259		43,838								47,259
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	10,107										10,107
Extraordinary Special Education Costs	22-100-034-5120-044	7/1/21-6/30/22	133,801		360,920								133,801
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	378,748										378,748
<b>Subtotal General Fund</b>				(163,009)	3,065,718						(161,736)		3,911,056
<b>Special Revenue Fund Aid:</b>													
<b>N.J. Nonpublic Aid:</b>													
Technology Aid	19-100-034-5120-064	7/1/18-6/30/19	5,256										
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	7,796										
Security Aid	19-100-034-5120-064	7/1/18-6/30/19	21,900										
Technology Aid	22-100-034-5120-064	7/1/21-6/30/22	294		294								294
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	420		420								420
Security Aid	22-100-034-5120-064	7/1/21-6/30/22	1,225		1,225								1,225
Nursing Aid	22-100-034-5120-064	7/1/21-6/30/22	784		784								784
<b>Subtotal Special Revenue Fund</b>					2,723								2,723
<b>Total State Department of Education</b>				(163,009)	3,068,441						(161,736)		3,941,213
<b>NJ School Development Authority:</b>													
<b>Special Revenue Fund Aid:</b>													
Emergent and Capital Maintenance Needs			11,710										
General Fund:													
School Security Grant - Alyssa's Law			27,351										27,351
<b>Total NJ Schools Development Authority</b>			39,061										27,351

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Balances	Balance June 30, 2022		Memo	
				Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP Unearned Revenue/(Accounts Receivable)	Due to Grantor		
State Department of Agriculture:												
Food Service Fund:												
COVID - 19 Seamless Summer Option	22-100-034-5120-122	7/1/21-6/30/22	\$ 4,231			\$ 3,983	\$ (4,231)		\$ (248)	\$ (248)	\$ 4,231	
Total Food Service Fund / State Department of Agriculture						3,983	(4,231)		(248)	(248)	4,231	
Total State Financial Awards				\$ (163,009)	\$ 4,795	\$ 3,111,485	\$ (3,126,577)	\$ (4,795)	\$ (150,274)	\$ 2,723	\$ (180,824)	\$ 3,972,795
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	407,088				\$ 407,088					
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,718,129				1,718,129					
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	24,240				24,240					
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	965				965					
Subtotal - On-Behalf TPAF Pension System Contributions							2,150,422					
Total State Awards Subject to Single Audit Major Program Determination							\$ (976,155)					

N/A - Not available

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, 2022

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, 2022. 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 (\$7,865) for the general fund and \$17,293 (of which (\$38,032) 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		\$ 3,114,481	\$ 3,114,481
Special Revenue Fund	\$ 238,454		238,454
Enterprise Fund	183,769	4,231	188,000
Total	\$ 422,223	\$ 3,118,712	\$ 3,540,935

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2022.

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2022 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Programs:</u>				
Categorical Special Education Aid	22-495-034-5120-085	7/1/21-6/30/22	\$ 338,991	\$ 338,991
Security Aid	22-495-034-5120-078	7/1/21-6/30/22	35,667	35,667

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

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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, 2022

Status of Prior Year Findings:

There were no prior year findings.