

MENDHAM TOWNSHIP SCHOOL DISTRICT

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

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

Annual Comprehensive
Financial Report

of the

Mendham Township School District
Board of Education

Mendham Township, New Jersey

For Fiscal Year Ended June 30, 2022

Prepared by

Mendham Township School District
Board of Education

MENDHAM TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Mendham Township Board of Education

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

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



November 11, 2022

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

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Mendham Township 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 Mendham Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Mendham Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mendham Township Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These included regular as well as special education for classified children. The District completed the 2021-2022 fiscal year with an enrollment of 784 students.

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

Mendham Township Board of Education

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The Honorable President and Members
of the Board of Education
Mendham Township School District
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November 11, 2022

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

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

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

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

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

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

Mendham Township Board of Education

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2022.

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

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

Mendham Township Board of Education

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The Honorable President and Members
of the Board of Education
Mendham Township School District
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November 11, 2022

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

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

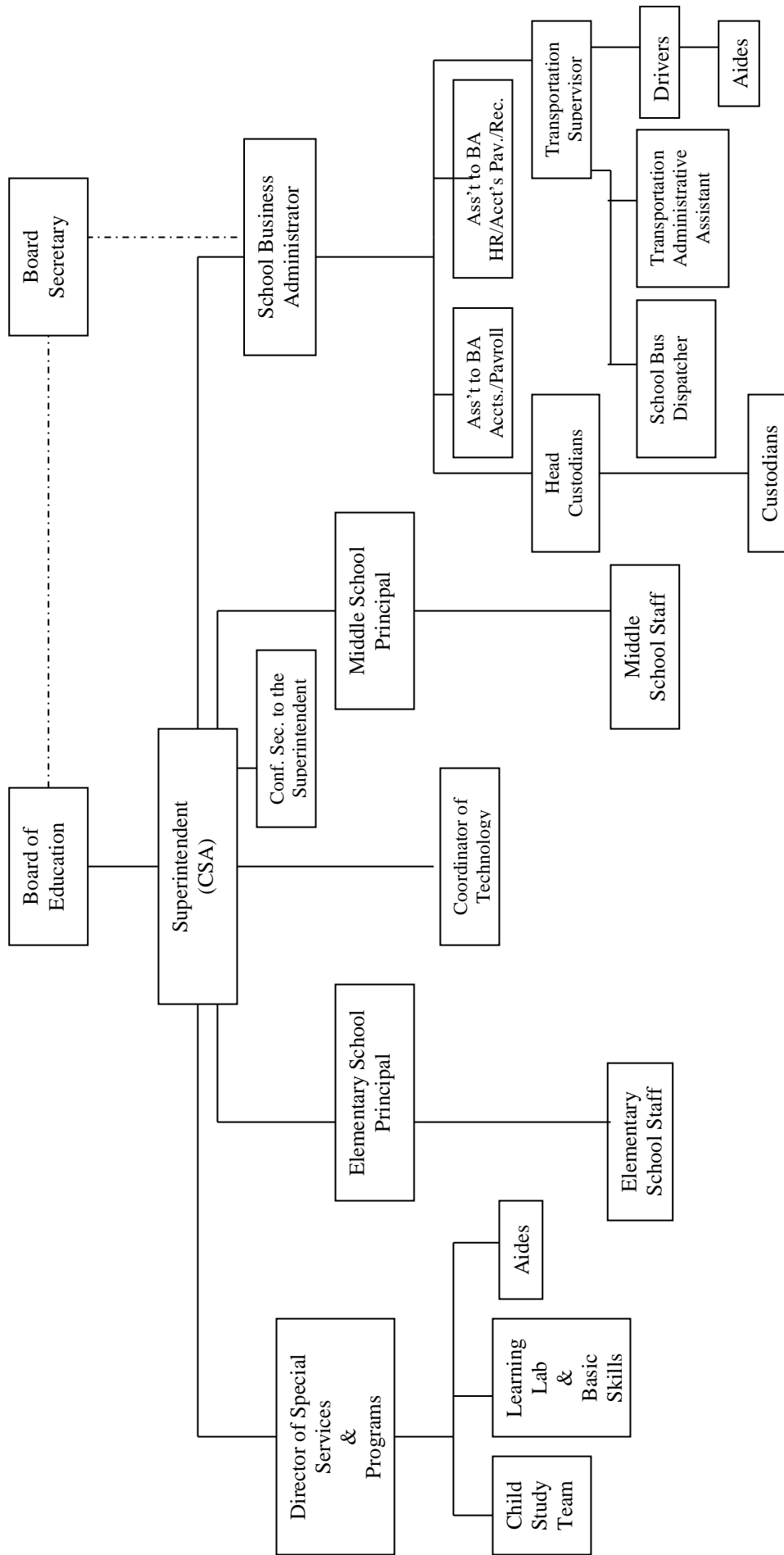
Respectfully submitted,

Salvatore Constantino, Ed.D.
Superintendent

Donna Mosner
Business Administrator/Board Secretary

Mendham Township Board of Education

ORGANIZATIONAL CHART



MENDHAM TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022

Members of the Board of Education

Term Expires

Gretchen Holquist, President	2022
Andrew Christmann, Vice President	2022
Adam Dubeck	2024
Peter Dumovic	2024
Thomas Keeling	2024
Rekha Mandel	2023
Joan Mody	2022

Other Officials

Title

Salvatore Constantino, Ed.D.	Superintendent/Principal
Donna Mosner	School Business Administrator/Board Secretary
Elizabeth George, CPA	Treasurer of School Monies
Matthew J. Giacobbe (Cleary, Giacobbe, Alfieri, Jacobs,LLC)	School Board Attorney

MENDHAM TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2022

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
And
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Bridgewater, New Jersey 08807

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Nathanya G. Simon
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Lyndhurst, NJ 07071

Bond Attorney

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

Architect of Record

Parette Somjen Architects
449 Route 46 East
Rockaway, NJ 07866

Official Depository

Lakeland Bank
98 East Main Street
Mendham, NJ 07945

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the 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 Township 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 changes in financial position, and 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) 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

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 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. 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.

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.

The Honorable President and Members
of the Board of Education
Mendham Township School District
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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 November 11, 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.

November 11, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

This section of Mendham Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 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 and a middle school play program.

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

**Figure A-1
Organization of Mendham Township School District's Financial Report**

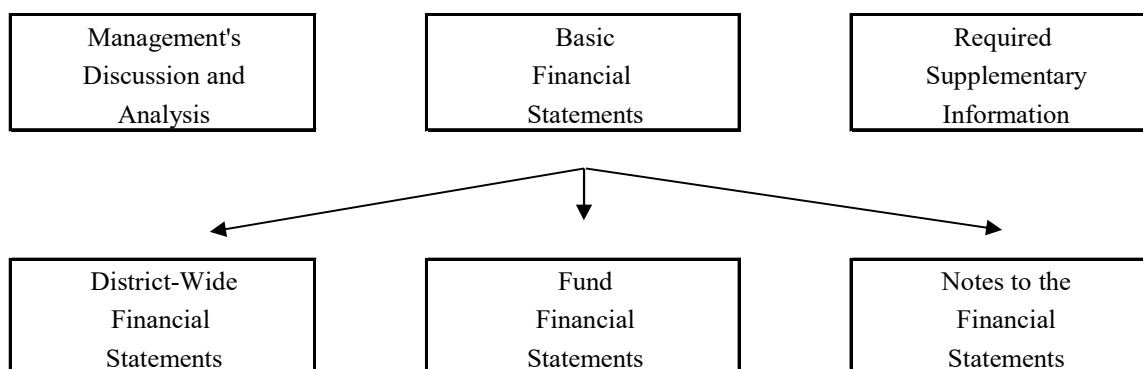


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

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

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary such as special education and building maintenance	Activities the district operates similar to private businesses; food services and a middle school play program
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets or long-term liabilities are 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 year end; expenditures when goods services have been received and related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

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 and middle school play program are included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

- *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.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

The District's combined net position was \$13,941,969 at year-end – an increase of \$2,038,748, or 17.13%. Net position invested in capital assets increased \$423,822 due to capital asset additions of \$487,046 and a \$1,045,000 net reduction in associated debt offset by \$1,121,614 of depreciation expense. Restricted net position increased by \$910,848 primarily due to an increase in the capital reserve and the Capital Projects Fund Balance related to a referendum project and unrestricted net position increased \$704,078 primarily due to unexpended budget appropriations and changes in the deferred outflows and inflows from pensions and in the net pension liability.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2021-2022
	2022	2021*	2022	2021	2022	2021*	
Current and Other Assets	\$ 27,080,527	\$ 6,553,244	\$ 52,122	\$ 42,136	\$ 27,132,649	\$ 6,595,380	
Capital Assets, Net	14,418,473	15,053,041	20,692	25,873	14,439,165	15,078,914	
Lease Assets, Net	106,213	34,412			106,213	34,412	
Total Assets	41,605,213	21,640,697	72,814	68,009	41,678,027	21,708,706	91.99%
Deferred Outflows of Resources	749,933	1,242,058			749,933	1,242,058	-39.62%
Other Liabilities	1,273,453	1,224,032	11,740	13,057	1,285,193	1,237,089	
Long-Term Liabilities	24,406,336	7,327,535			24,406,336	7,327,535	
Total Liabilities	25,679,789	8,551,567	11,740	13,057	25,691,529	8,564,624	199.97%
Deferred Inflows of Resources	2,794,462	2,482,919			2,794,462	2,482,919	12.55%
Net Position:							
Net Investment in Capital Assets	13,148,798	12,719,795	20,692	25,873	13,169,490	12,745,668	
Restricted	4,828,808	3,917,960			4,828,808	3,917,960	
Unrestricted/(Deficit)	(4,096,711)	(4,789,486)	40,382	29,079	(4,056,329)	(4,760,407)	
Total Net Position/(Deficit)	\$ 13,880,895	\$ 11,848,269	\$ 61,074	\$ 54,952	\$ 13,941,969	\$ 11,903,221	17.13%

* as Restated

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

The Changes in the Net Position shows the cost of program services and the revenues of the District on a comparative schedule (see Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2021-2022
	2022	2021	2022	2021	2022	2021	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,279,177	\$ 1,755,063	\$ 304,520	\$ 63,367	\$ 2,583,697	\$ 1,818,430	
Operating Grants and Contributions	4,845,720	5,048,280			4,845,720	5,048,280	
General Revenue:							
Property Taxes	18,075,526	17,578,259			18,075,526	17,578,259	
Unrestricted Federal and State Aid	154,918	13,862			154,918	13,862	
Other	54,877	168,518	159	100	55,036	168,618	
Total Revenue	<u>25,410,218</u>	<u>24,563,982</u>	<u>304,679</u>	<u>63,467</u>	<u>25,714,897</u>	<u>24,627,449</u>	4.42%
Expenses:							
Instruction	12,596,311	12,790,527			12,596,311	12,790,527	
Tuition	298,248	140,074			298,248	140,074	
Pupil & Instruction Services	2,382,548	2,125,288			2,382,548	2,125,288	
Administrative and Business	2,148,937	2,039,781			2,148,937	2,039,781	
Maintenance & Operations	2,601,587	2,417,024			2,601,587	2,417,024	
Transportation	3,040,053	2,441,564			3,040,053	2,441,564	
Other	309,908	215,126	298,557	88,460	608,465	303,586	
Total Expenses	<u>23,377,592</u>	<u>22,169,384</u>	<u>298,557</u>	<u>88,460</u>	<u>23,676,149</u>	<u>22,257,844</u>	6.37%
Change in Net Position	<u>\$ 2,032,626</u>	<u>\$ 2,394,598</u>	<u>\$ 6,122</u>	<u>\$ (24,993)</u>	<u>\$ 2,038,748</u>	<u>\$ 2,369,605</u>	-13.96%

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

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

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

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

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 12,596,311	\$ 12,790,527	\$ 7,771,741	\$ 7,944,186
Tuition	298,248	140,074	298,248	140,074
Pupil & Instruction Services	2,382,548	2,125,288	2,284,385	2,021,705
Administrative and Business	2,148,937	2,039,781	1,835,350	1,738,868
Maintenance & Operations	2,601,587	2,417,024	2,601,587	2,417,024
Transportation	3,040,053	2,441,564	1,151,476	889,058
Other	309,908	215,126	309,908	215,126
Total	\$ 23,377,592	\$ 22,169,384	\$ 16,252,695	\$ 15,366,041

Business-Type Activities

Net position from the District's business-type activities increased by \$6,122, primarily due to the Food Service Enterprise Funds increase in revenues in excess of the increase in expenses as a result of more students purchasing lunch due to resuming normal school operations.

Financial Analysis of the District's Funds

The District's fund balance in the General Fund increased \$903,917 during the fiscal year. This increase resulted primarily from excess in tuition revenue, transportation fees revenue and local and state revenue over budgeted amounts and unexpended budget appropriations. The District's fund balance in Debt Service Fund was \$12,037 an increase from the previous year due to interest earned in the Capital Projects Fund.

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

General Fund Budgetary Highlights

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

Capital Assets

At year end, the District's capital assets were \$14,259,047, a decrease of \$819,867, or 5.44%, from the previous year. During the fiscal year, the District capitalized assets in the amount of \$306,928 and depreciated \$1,126,795 of its capital assets. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

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

	Governmental Activities		Business-Type Activities		Total School District	
	2022	2021	2022	2021	2022	2021
Land	\$ 14,000	\$ 14,000			\$ 14,000	\$ 14,000
Construction in Progress	180,118				180,118	
Site Improvements	343,095	371,350			343,095	371,350
Buildings/Improvements	12,591,017	13,523,174			12,591,017	13,523,174
Furniture, Machinery and Equipment	1,290,243	1,144,517	\$ 20,692	\$ 25,873	1,310,935	1,170,390
Total	\$ 14,418,473	\$ 15,053,041	\$ 20,692	\$ 25,873	\$ 14,439,165	\$ 15,078,914

Long-Term Liabilities

At year-end, the District had \$24,406,336 in general obligation bonds, net pension liability and other long-term liabilities outstanding – an increase of \$17,078,801 from the prior year due primarily to the issuance of general obligation bonds offset by a decrease in Net Pension Liability and current year payments of general obligation bonds – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

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

	Total School District		Percent Change 2021-2022
	2022	2021*	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,623,000	\$ 1,765,000	
Net Pension Liability	2,981,592	4,624,057	
Other Long Term Liabilities	801,744	938,478	
Total	\$ 24,406,336	\$ 7,327,535	233.08%

* as Restated

**MENDHAM TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Factors Bearing on the District's Future

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 23,912,487	\$ 45,040	\$ 23,957,527
Receivable from State Government	444,664		444,664
Other Accounts Receivable	70,676		70,676
Internal Balances	(1,549)	1,549	
Inventories		5,533	5,533
Restricted Cash and Cash Equivalents	2,654,249		2,654,249
Capital Assets:			
Land and Construction in Progress	194,118		194,118
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery & Equipment	14,224,355	20,692	14,245,047
Lease Assets, Net	106,213		106,213
Total Assets	<u>41,605,213</u>	<u>72,814</u>	<u>41,678,027</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	749,933		749,933
Total Deferred Outflows of Resources	<u>749,933</u>		<u>749,933</u>
<u>LIABILITIES</u>			
Accounts Payable	1,058,607		1,058,607
Accrued Interest Payable	165,989		165,989
Unearned Revenue	48,857	11,740	60,597
Noncurrent Liabilities:			
Due Within One Year	917,279		917,279
Due Beyond One Year	23,489,057		23,489,057
Total Liabilities	<u>25,679,789</u>	<u>11,740</u>	<u>25,691,529</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,794,462		2,794,462
Total Deferred Inflows of Resources	<u>2,794,462</u>		<u>2,794,462</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 13,148,798	\$ 20,692	\$ 13,169,490
Restricted for:			
Capital Projects	1,546,006		1,546,006
Debt Service	12,037		12,037
Maintenance	915,684		915,684
Unemployment Compensation	116,660		116,660
Student Activities	75,899		75,899
Excess Surplus	2,162,522		2,162,522
Unrestricted/(Deficit)	(4,096,711)	40,382	(4,056,329)
Total Net Position	\$ 13,880,895	\$ 61,074	\$ 13,941,969

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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
Governmental Activities:							
Instruction:							
Regular	\$ 9,278,790	\$ 512,625	\$ 2,411,660	\$ (6,354,505)		\$ (6,354,505)	
Special Education	2,826,426		1,900,285	(926,141)		(926,141)	
Other Instruction	249,626			(249,626)		(249,626)	
School-Sponsored Instruction	241,469			(241,469)		(241,469)	
Support Services:							
Tuition	298,248			(298,248)		(298,248)	
Student & Instruction Related Services	2,382,548	98,163		(2,284,385)		(2,284,385)	
General Administrative Services	903,932		169,961	(733,971)		(733,971)	
School Administrative Services	746,989			(746,989)		(746,989)	
Central Services and Administrative							
Information Technology	498,016		143,626	(354,390)		(354,390)	
Plant Operations and Maintenance	2,601,587			(2,601,587)		(2,601,587)	
Pupil Transportation	3,040,053	1,668,389	220,188	(1,151,476)		(1,151,476)	
Interest and Other Charges	196,441			(196,441)		(196,441)	
Capital Outlay	104,713			(104,713)		(104,713)	
Unallocated Depreciation	8,754			(8,754)		(8,754)	
Total Governmental Activities	23,377,592	2,279,177	4,845,720	(16,252,695)		(16,252,695)	

MENDHAM TOWNSHIP 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
Business-Type Activities:							
Middle School Play	\$ 38,759	\$ 30,756			\$ (8,003)	\$ (8,003)	
Food Service	259,798	273,764			13,966	13,966	
Total Business-Type Activities	298,557	304,520			5,963	5,963	
Total Primary Government	\$ 23,676,149	\$ 2,583,697	\$ 4,845,720	\$ (16,252,695)	5,963	(16,246,732)	
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				16,964,726		16,964,726	
Taxes Levied for Debt Service				1,110,800		1,110,800	
Federal and State Aid not Restricted				154,918		154,918	
Miscellaneous Income				54,877	159	55,036	
Total General Revenue				18,285,321	159	18,285,480	
Change in Net Position				2,032,626	6,122	2,038,748	
Net Position - Beginning (as Restated)				11,848,269	54,952	11,903,221	
Net Position - Ending				\$ 13,880,895	\$ 61,074	\$ 13,941,969	

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 4,174,136	\$ 2,437	\$ 19,735,914		\$ 23,912,487
Receivables From State Government	444,664				444,664
Other Receivables	70,676				70,676
Interfund Receivable	995			\$ 12,037	13,032
Restricted Cash and Cash Equivalents	2,578,350	75,899			2,654,249
Total Assets	<u>\$ 7,268,821</u>	<u>\$ 78,336</u>	<u>\$ 19,735,914</u>	<u>\$ 12,037</u>	<u>\$ 27,095,108</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts Payable	\$ 660,083	\$ 1,200			\$ 661,283
Interfund Payable	1,549		\$ 13,032		14,581
Unearned Revenue	47,620	1,237			48,857
Total Liabilities	<u>709,252</u>	<u>2,437</u>	<u>13,032</u>		<u>724,721</u>
Fund Balances:					
Restricted:					
Capital Reserve	1,546,006				1,546,006
Maintenance Reserve	915,684				915,684
Unemployment Compensation	116,660				116,660
Excess Surplus - 2023-2024	1,028,522				1,028,522
Excess Surplus - 2022-2023	1,134,000				1,134,000
Student Activities		75,899			75,899
Capital Projects			19,722,882		19,722,882
Debt Service				\$ 12,037	12,037
Assigned:					
Year-End Encumbrances	692,230				692,230
Unassigned	1,126,467				1,126,467
Total Fund Balances	<u>6,559,569</u>	<u>75,899</u>	<u>19,722,882</u>	<u>12,037</u>	<u>26,370,387</u>
Total Liabilities and Fund Balances	<u>\$ 7,268,821</u>	<u>\$ 78,336</u>	<u>\$ 19,735,914</u>	<u>\$ 12,037</u>	<u>\$ 27,095,108</u>

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

Total Fund Balances from Above	\$ 26,370,387
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	14,418,473
Leased Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	106,213
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(165,989)
Long-Term Liabilities, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(24,406,336)
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	352,609
Deferred Inflows	(2,794,462)
Net Position of Governmental Activities	<u>\$ 13,880,895</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,964,726			\$ 1,110,800	\$ 18,075,526
Tuition	512,625				512,625
Transportation Fees from Other LEASs	1,668,389				1,668,389
Rents and Royalties	10,800				10,800
Interest Earned on Maintenance Reserve Funds	1,293				1,293
Interest Earned on Capital Reserve Funds	1,376				1,376
Restricted Miscellaneous Revenues	16,320				16,320
Unrestricted Miscellaneous Revenues	13,051	\$ 98,163	\$ 12,037		123,251
State Sources	19,188,580	98,163	12,037	1,110,800	20,409,580
Federal Sources	4,914,670	1,716			4,916,386
Total Revenues	24,203,876	287,994	12,037	1,110,800	25,614,707
EXPENDITURES:					
Current:					
Regular Instruction	5,591,399	24,303			5,615,702
Special Education Instruction	1,541,364	172,489			1,713,853
Other Instruction	148,058				148,058
School-Sponsored	241,469				241,469
Support Services and Undistributed Costs:					
Tuition	298,248				298,248
Student and Other Instruction Related Services	1,739,322	89,903			1,829,225
General Administration Services	629,342				629,342
School Administration Services	503,595				503,595

MENDHAM TOWNSHIP 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
EXPENDITURES:					
Central Services & Administrative Information Technology	\$ 295,435				\$ 295,435
Plant Operations and Maintenance	1,434,063				1,434,063
Student Transportation	2,475,805				2,475,805
Unallocated Benefits	8,008,982				8,008,982
Debt Service:					
Interest and Other Charges				\$ 65,800	65,800
Principal				1,045,000	1,045,000
Capital Outlay	509,476		\$ 180,118		689,594
Total Expenditures	<u>23,416,558</u>	<u>\$ 286,695</u>	<u>\$ 180,118</u>	<u>1,110,800</u>	<u>24,994,171</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	787,318	1,299	(168,081)		620,536
OTHER FINANCING SOURCES/(USES):					
Serial Bond Proceeds			19,903,000		19,903,000
Leases (Non-Budgeted)	97,835				97,835
Transfers In				12,037	12,037
Transfers Out			(12,037)		(12,037)
Total Other Financing Sources/(Uses)	<u>97,835</u>		<u>19,890,963</u>	<u>12,037</u>	<u>20,000,835</u>
Net Change in Fund Balances	885,153	1,299	19,722,882	12,037	20,621,371
Fund Balance - July 1	5,674,416	74,600			5,749,016
Fund Balance - June 30	<u>\$ 6,559,569</u>	<u>\$ 75,899</u>	<u>\$ 19,722,882</u>	<u>\$ 12,037</u>	<u>\$ 26,370,387</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 20,621,371

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

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

Depreciation Expense	\$ (1,121,614)	
Capital Outlays	487,046	(634,568)

Capital outlays related to lease assets are reported in Governmental Funds as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization Expense	(26,034)	
----------------------	----------	--

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

9,846

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

(19,903,000)

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

1,045,000

MENDHAM TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<p>Repayment of leases 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.</p>	<p>\$ 27,869</p>
<p>Repayment of financed purchases 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.</p>	<p>196,854</p>
<p>In the Statement of Activities, interest on long term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).</p>	<p>(130,641)</p>
<p>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:</p>	
<p style="padding-left: 20px;">Change in Net Pension Liability</p>	<p>1,642,465</p>
<p style="padding-left: 20px;">Change in Deferred Outflows</p>	<p>(504,993)</p>
<p style="padding-left: 20px;">Change in Deferred Inflows</p>	<p><u>(311,543)</u></p>
<p>Change in Net Position of Governmental Activities (Exhibit A-2)</p>	<p><u>\$ 2,032,626</u></p>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-type Activities - Enterprise Funds	
	Non-Major Funds	Enterprise Funds Total
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 45,040	\$ 45,040
Interfund Accounts Receivable	1,549	1,549
Inventories	5,533	5,533
	52,122	52,122
Non-Current Assets:		
Capital Assets	73,579	73,579
Less: Accumulated Depreciation	(52,887)	(52,887)
	20,692	20,692
Total Assets	72,814	72,814
LIABILITIES:		
Current Liabilities:		
Unearned Revenue - Prepaid Meals	11,740	11,740
Total Current Liabilities	11,740	11,740
NET POSITION:		
Investment in Capital Assets	20,692	20,692
Unrestricted	40,382	40,382
Total Net Position	\$ 61,074	\$ 61,074

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds	
	Non-Major Funds	Enterprise Funds Total
Operating Revenue:		
Local Sources:		
Daily Sales - Non-Reimbursable Programs	\$ 265,761	\$ 265,761
Charges for Services - Program Fees	38,759	38,759
	<hr/>	<hr/>
Total Operating Revenue	304,520	304,520
	<hr/>	<hr/>
Operating Expenses:		
Cost of Sales - Non-Reimbursable Programs	123,967	123,967
Salaries, Benefits & Payroll Taxes	98,341	98,341
Supplies, Insurance & Other Costs	24,292	24,292
Management Fee	16,020	16,020
Miscellaneous	30,756	30,756
Depreciation Expense	5,181	5,181
	<hr/>	<hr/>
Total Operating Expenses	298,557	298,557
	<hr/>	<hr/>
Operating Income/(Loss)	5,963	5,963
	<hr/>	<hr/>
Non-Operating Revenue:		
Local Sources:		
Interest Income	159	159
	<hr/>	<hr/>
Total Non-Operating Revenue	159	159
	<hr/>	<hr/>
Change in Net Position	6,122	6,122
	<hr/>	<hr/>
Net Position - Beginning of Year	54,952	54,952
	<hr/>	<hr/>
Net Position - End of Year	\$ 61,074	\$ 61,074
	<hr/> <hr/>	<hr/> <hr/>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds	
	Non-Major Funds	Enterprise Funds Total
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 303,203	\$ 303,203
Payments for Programs	(30,756)	(30,756)
Payments to Food Service Vendor	(265,536)	(265,536)
Net Cash Provided by/(Used for) Operating Activities	<u>6,911</u>	<u>6,911</u>
Cash Flows from Investing Activities:		
Local Sources:		
Interest Income	<u>159</u>	<u>159</u>
Net Cash Provided by Investing Activities	<u>159</u>	<u>159</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	7,070	7,070
Cash and Cash Equivalents, July 1	<u>37,970</u>	<u>37,970</u>
Cash and Cash Equivalents, June 30	<u>\$ 45,040</u>	<u>\$ 45,040</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used) for Operating Activities:		
Operating Income/(Loss)	\$ 5,963	\$ 5,963
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used) for Operating Activities:		
Depreciation	5,181	5,181
Changes in Assets and Liabilities:		
(Increase)/Decrease in Interfund Accounts Receivable	(2,916)	(2,916)
Increase/(Decrease) in Unearned Revenue	<u>(1,317)</u>	<u>(1,317)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 6,911</u>	<u>\$ 6,911</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. 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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets 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.

MENDHAM TOWNSHIP 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)

Fund Financial Statements: (Cont'd)

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

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's food service and middle school play program operations. The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting:

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 TOWNSHIP 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 budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis 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 the payments in the GAAP financial statements.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$24,222,640	\$ 289,231
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		
Current Year Encumbrances		(1,237)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	60,317	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(79,081)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$24,203,876</u>	<u>\$ 287,994</u>

MENDHAM TOWNSHIP 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
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$23,416,558	\$ 287,932
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.		
Current Year Encumbrances		(1,237)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$23,416,558	\$ 286,695

E. Cash and Cash Equivalents, and Investments:

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

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

MENDHAM TOWNSHIP 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)

K. Capital Assets:

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

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

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

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

L. 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.

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 premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Accrued Salaries and Wages:

The District allows employees who provide services to the District over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there is \$548,584 of accrued salaries and wages as of June 30, 2022.

O. Compensated Absences:

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

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

O. Compensated Absences: (Cont'd)

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.

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.

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 \$6,559,569 General Fund fund balance at June 30, 2022, \$692,230 is assigned for year end encumbrances; \$1,546,006 is restricted in the capital reserve account; \$915,684 is restricted in the maintenance reserve account; \$116,660 is restricted for unemployment compensation; \$2,162,522 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$1,134,000 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$1,028,522 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024); and \$1,126,467 is unassigned fund balance (which is \$79,081 less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2023).

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2022 is \$75,899 and is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2022 of \$19,722,882 is restricted.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2022 of \$12,037 is restricted.

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

MENDHAM TOWNSHIP 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)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$79,081 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

S. Deficit Net Position

The District has a deficit in unrestricted net position of \$4,096,711 in governmental activities, which is primarily due to compensated absences payable, and net pension liability, offset by deferred inflows and outflows related to pensions. The deficit does not indicate that the District is in 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 and deferred inflows of resources at June 30, 2022 related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, 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.

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.

MENDHAM TOWNSHIP 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: (Cont'd)

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 a capital reserve, a maintenance reserve, excess surplus, unemployment compensation, student activities, capital projects and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment or resources. The District has no committed resources at June 30, 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 a restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$692,230 of assigned resources 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.

W. Fund Balance Restrictions, Commitments and Assignments

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

MENDHAM TOWNSHIP 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)

X. 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 and middle school play program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

Y. 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.

Z. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section entitled Investments.

MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

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

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

Investments:

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

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	Restricted Cash and Cash Equivalents	Unrestricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 2,654,249	\$ 23,957,527	\$ 26,611,776
	\$ 2,654,249	\$ 23,957,527	\$ 26,611,776

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 \$26,611,776 and the bank balance was \$27,049,004.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Mendham Township School District by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Balance at June 30, 2021	\$ 844,630
Interest	1,376
Deposit by Board Resolution June 2022	700,000
Balance at June 30, 2022	\$ 1,546,006

The balance in the capital reserve account at June 30, 2022 does not exceed the Long-Range Facilities Plan balance of local support costs of uncompleted projects.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$9,856 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

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

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance 6/30/2021	Increases	Decreases/ Transfers	Balance 6/30/2022
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 14,000			\$ 14,000
Construction in Progress		\$ 180,118		180,118
Total Capital Assets not Being Depreciated	<u>14,000</u>	<u>180,118</u>		<u>194,118</u>
Capital Assets Being Depreciated:				
Site Improvements	1,018,755			1,018,755
Buildings and Building Improvements	26,182,478			26,182,478
Machinery and Equipment	3,178,646	306,928		3,485,574
Total Capital Assets Being Depreciated	<u>30,379,879</u>	<u>306,928</u>		<u>30,686,807</u>
Governmental Activities Capital Assets	<u>30,393,879</u>	<u>487,046</u>		<u>30,880,925</u>
Less Accumulated Depreciated for:				
Site Improvements	(647,405)	(28,255)		(675,660)
Buildings and Building Improvements	(12,659,304)	(932,157)		(13,591,461)
Machinery and Equipment	(2,034,129)	(161,202)		(2,195,331)
Total Accumulated Depreciation	<u>(15,340,838)</u>	<u>(1,121,614)</u>		<u>(16,462,452)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,053,041</u>	<u>\$ (634,568)</u>	<u>\$ - 0 -</u>	<u>\$ 14,418,473</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 73,579			\$ 73,579
Less Accumulated Depreciation	(47,706)	\$ (5,181)		(52,887)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,873</u>	<u>\$ (5,181)</u>	<u>\$ - 0 -</u>	<u>\$ 20,692</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 3,675
Special Education Instruction	70
General Administrative Services	4,300
School Administrative Services	50,869
Operations & Maintenance of Plant	915,373
Student Transportation	138,573
Unallocated	8,754
	<u>\$ 1,121,614</u>

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

NOTE 7. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 129,870	\$ 97,835	\$ (36,010)	\$ 191,695
Total Lease Assets Being Amortized	<u>129,870</u>	<u>97,835</u>	<u>(36,010)</u>	<u>191,695</u>
Governmental Activities Lease Assets	<u>129,870</u>	<u>97,835</u>	<u>(36,010)</u>	<u>191,695</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(95,458)	(26,034)	36,010	(85,482)
	<u>(95,458)</u>	<u>(26,034)</u>	<u>36,010</u>	<u>(85,482)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 34,412</u>	<u>\$ 71,801</u>	<u>\$ -0-</u>	<u>\$ 106,213</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 26,034</u>
	<u>\$ 26,034</u>

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:

	(Restated) Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022
Bonds Payable	\$ 1,765,000	\$ 19,903,000	\$ 1,045,000	\$ 20,623,000
Net Pension Liability	4,624,057		1,642,465	2,981,592
Lease Assets Payable	39,414	97,835	27,869	109,380
Financed Purchases Payable	563,244		196,854	366,390
Compensated Absences Payable	<u>335,820</u>	<u>18,218</u>	<u>28,064</u>	<u>325,974</u>
	<u>\$ 7,327,535</u>	<u>\$ 20,019,053</u>	<u>\$ 2,940,252</u>	<u>\$ 24,406,336</u>

A. Bonds Payable:

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

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

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

A. Bonds Payable: (Cont'd)

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

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds of 2011	4/1/23	4.00%	\$ 720,000
School Bonds, Series 2022	8/1/41	2.00% - 2.75%	19,903,000
			<u>\$ 20,623,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 720,000	\$ 439,360	\$ 1,159,360
2024	1,033,000	480,706	1,513,706
2025	855,000	461,825	1,316,825
2026	875,000	444,525	1,319,525
2027	885,000	426,925	1,311,925
Thereafter 5 Years (2028-2032)	4,755,000	1,835,475	6,590,475
Thereafter 5 Years (2033-2037)	5,375,000	1,206,657	6,581,657
Thereafter 5 Years (2038-2042)	6,125,000	429,754	6,554,754
	<u>\$ 20,623,000</u>	<u>\$ 5,725,227</u>	<u>\$ 26,348,227</u>

On March 30, 2022, the District issued serial bonds of \$19,903,000 with interest rates ranging from 2.00% to 2.75% to fund the referendum projects. The bonds mature on August 1, 2023 through 2041.

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board has \$197 of bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$325,974. The compensated absences payable will be liquidated by the General Fund. There is no liability for compensated absences in the District's Enterprise Funds.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$2,981,592. See Note 9 for further information on the PERS.

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

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

E. Financed Purchase Payable

The District has financed purchase agreements for vehicles valued at \$999,923, of which \$633,533 has matured and been repaid. The finance purchase agreements are for five-year terms and will be liquidated by the General Fund. The following is a schedule of the future lease payments under these finance purchases, and the present value of the net minimum lease payments at June 30, 2022:

<u>Year</u>	<u>Amount</u>
2023	\$ 168,752
2024	126,153
2025	86,780
Total Minimum Financed Purchases Payments	381,685
Less: Amount Representing Interest	(15,295)
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 366,390</u>

The current portion of the finance purchase payable at June 30, 2022 is \$160,036 and the long-term portion is \$206,354. The General Fund will be used to liquidate the financed purchases payable.

F. Leases Payable:

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

<u>Leases Payable</u>				
<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2018 Savin Copier C3504	Monthly	10/17/22	0.527%	\$ 861
Savin 7503 Digital Copiers w/Accessories and Savin 4055 Digital Copier w/Accessories	Monthly	06/20/23	0.383%	18,086
2022 Savin Copier	Monthly	01/28/27	0.345%	90,433
				<u>\$ 109,380</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 37,243	\$ 3,865
2024	19,069	2,628
2025	19,873	1,823
2026	20,712	984
2027	12,483	173
	<u>\$ 109,380</u>	<u>\$ 9,473</u>

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

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 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 \$294,753 for 2022.

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2022, the District's liability was \$2,981,592 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 0.025%, which was a decrease of 0.003% from its proportion measured as of June 30, 2020. For the fiscal year ended June 30, 2022, the District recognized actual pension benefit in the amount of \$531,175. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 126,002
	2018	5.63		236,229
	2019	5.21		208,395
	2020	5.16		490,840
	2021	5.13	\$ 15,528	
				<u>15,528</u>
Changes in Proportion	2017	5.48		27,044
	2018	5.63	48,935	
	2019	5.21	241,122	
	2020	5.16		339,586
	2021	5.13		559,591
				<u>290,057</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		23,290
	2019	5.00		(7,515)
	2020	5.00		(169,366)
	2021	5.00		939,021
				<u>785,430</u>
Difference Between Expected and Actual Experience	2017	5.48	3,747	
	2018	5.63		8,996
	2019	5.21	15,931	
	2020	5.16	27,346	
	2021	5.13		12,349
				<u>47,024</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	397,324	
			<u>\$ 749,933</u>	<u>\$ 2,794,462</u>

MENDHAM TOWNSHIP 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 and Pension Expense (Cont'd)

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

Fiscal Year Ending June 30,	Total
2022	\$ (703,525)
2023	(502,316)
2024	(342,494)
2023	(257,454)
2026	100
	\$ (1,805,689)

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:

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 TOWNSHIP 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 TOWNSHIP 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		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 4,062,571	\$ 2,981,592	\$ 2,067,279

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 can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

MENDHAM TOWNSHIP 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 member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes 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 \$2,473,848 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$699,865.

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 State's proportionate share of the net pension liability associated with the District was \$29,742,952. 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, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.062%, which was an decrease of 0.001% from its proportion measured as of June 30, 2020.

MENDHAM TOWNSHIP 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	- 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District		29,742,952
Total	\$	29,742,952

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$699,865 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:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$153,774,925	
	2015	8.3	926,219,611	
	2016	8.3	3,000,278,784	
	2017	8.3		\$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
			5,289,559,561	24,224,281,713
Difference Between Expected and Actual Experience	2014	8.5		1,464,605
	2015	8.3	57,204,429	
	2016	8.3		37,311,034
	2017	8.3	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	
			941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5		96,030,373
	2019	5		(72,441,385)
	2020	5		(724,186,621)
	2021	5		3,554,633,811
			2,854,036,178	
			\$ 6,230,825,389	\$ 27,221,092,460

MENDHAM TOWNSHIP 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Fiscal Year Ending June 30,	Total
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 TOWNSHIP 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 Investment 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 TPAF's 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, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 TOWNSHIP 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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	\$ 35,190,887	\$ 29,742,952	\$ 25,167,034

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 \$38,746 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$50,641 for the fiscal year ended June 30, 2022.

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

NOTE 10. DEFERRED COMPENSATION

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

AXA Equitable	VALIC
Lincoln Investment Planning	Vanguard Small Business

NOTE 11. RISK MANAGEMENT

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

Property and Liability

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

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

Selected, summarized financial information for the SAIF as of June 30, 2022 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 52,198,217
Net Position	\$ 20,990,635
Total Revenue	\$ 46,988,143
Total Expenses	\$ 46,989,023
Change in Net Position	\$ (880)
Members Dividends	\$ - 0 -

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

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 51,833	\$ 35,513	\$ 116,660
2020-2021	48,703	32,802	100,340
2019-2020	35,310	42,770	84,439

NOTE 12. 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 13. ECONOMIC DEPENDENCY

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

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

NOTE 14. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Balance at June 30, 2021	\$	914,391
Increases: Interest		1,293
Balance at June 30, 2022	\$	915,684

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type activities as of June 30, 2022 consisted of the following:

	Governmental Funds		Total Governmental Funds	District	Total Governmental Activities
	General Fund	Special Revenue Fund		Contribution Subsequent to the Measurement Date	
Vendors	\$ 16,641	\$ 1,200	\$ 17,841		\$ 17,841
Payroll Deductions and Withholdings	94,858		94,858		94,858
Accrued Salaries and Wages	548,584		548,584		548,584
State of New Jersey				\$ 397,324	397,324
	\$ 660,083	\$ 1,200	\$ 661,283	\$ 397,324	\$ 1,058,607

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

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund		\$ 1,549
Proprietary Fund - Food Service	\$ 1,549	
	\$ 1,549	\$ 1,549

The interfund receivable from the General Fund to the Food Service Proprietary Fund is for Food Service Program grant funds received in the General Fund and not turned over as of the end of the year.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2022, there were encumbrances in the District's General Fund – Governmental Funds as detailed below. All of the governmental funds are considered to be major funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 692,230	\$ 1,237	\$1,336,220	\$ 693,467

On the District's Governmental Funds balance sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,237 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$1,336,220 of year end encumbrances in the Capital Projects Fund are included in the restricted fund balance.

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

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits 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	<u>216,804</u>
Total	<u><u>366,108</u></u>

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

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 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%		
	<u>TPAF/ABP</u>	<u>PERS</u>	
Salary Increases: Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years	
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years	

The actuarial assumptions used in the June 30, 2019 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.

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

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 23,164,971
Changes for Year:	
Service Cost	1,103,254
Interest on the Total OPEB Liability	837,996
Difference between Actual and Expected Experience	7,339,662
Changes in Assumptions	7,104,573
Gross Benefit Payments by the State	(677,110)
Contributions from Members	20,523
	15,728,898
Net Changes	15,728,898
Balance at June 30, 2020	\$ 38,893,869

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

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 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	\$ 46,888,567	\$ 38,893,869	\$ 32,642,785

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	\$ 31,396,443	\$ 38,893,869	\$ 47,821,637

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$2,155,639 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

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

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 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>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 2,360,407
	2018	9.51		2,077,604
	2019	9.29	\$ 280,039	
	2020	9.24	6,335,680	
			<u>6,615,719</u>	<u>4,438,011</u>
Differences between Expected and Actual Experience	2018	9.51		1,963,982
	2019	9.29		3,296,073
	2020	9.24	5,905,102	
			<u>5,905,102</u>	<u>5,260,055</u>
Changes in Proportion	N/A	N/A	<u>1,300,710</u>	
			<u>\$ 13,821,531</u>	<u>\$ 9,698,066</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	\$ 24,916
2022	24,917
2023	24,916
2024	24,916
2025	24,916
Thereafter	<u>2,698,174</u>
	<u>\$ 2,822,755</u>

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

NOTE 19. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to record an intangible right-to-use asset and a lease liability as of June 30, 2021 as a result of implementing GASB 87, Leases:

	Balance at as Previously Reported	Retroactive Adjustments	June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Site Improvements, Building & Building Improvements and Furniture, Machinery & Equipment	\$ 15,039,041		\$ 15,039,041
Lease Assets, Net		\$ 34,412	34,412
Total Asset	21,606,285	34,412	21,640,697
Noncurrent Liabilities:			
Due Within One Year	1,262,321		1,262,321
Due Beyond One Year	6,065,214		6,065,214
Total Liabilities	8,551,567		8,551,567
Net Position:			
Net Investment in Capital Assets	12,685,383	34,412	12,719,795
Total Net Position	11,813,857	34,412	11,848,269

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

MENDHAM TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICTS 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	0.0252628146%	0.0271968536%	0.0289757023%	0.0275596801%	0.0283090916%	0.0308185797%	0.0283556034%	0.0251685523%
District's Proportionate Share of the Net Pension Liability	\$ 4,729,890	\$ 6,105,149	\$ 8,581,772	\$ 6,415,453	\$ 5,573,919	\$ 5,553,041	\$ 4,624,057	\$ 2,981,592
District's Covered Employee Payroll	\$ 1,980,806	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846	\$ 2,064,194	\$ 1,933,563	\$ 1,836,332
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	238.79%	308.22%	461.35%	329.44%	287.04%	269.02%	239.15%	162.37%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability for the Local Group	52.08%	47.93%	40.14%	48.10%	53.60%	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 TOWNSHIP 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	2022
Contractually Required Contribution	\$ 208,263	\$ 233,820	\$ 257,416	\$ 257,758	\$ 294,519	\$ 332,591	\$ 355,690	\$ 294,753
Contributions in relation to the Contractually Required Contribution	(208,263)	(233,820)	(257,416)	(257,758)	(294,519)	(332,591)	(355,690)	(294,753)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846	\$ 2,064,194	\$ 1,933,563	\$ 1,836,332	\$ 1,968,911
Contributions as a percentage of Covered Employee Payroll	10.51%	12.57%	13.22%	13.27%	14.27%	17.20%	19.37%	14.97%

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST 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	0.0650455218%	0.0632541340%	0.0635981239%	0.0614446201%	0.0607820632%	0.0595930953%	0.0630535908%	0.0618675715%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 34,764,714	\$ 39,979,314	\$ 50,030,334	\$ 41,428,178	\$ 38,668,243	\$ 36,572,847	\$ 41,520,031	\$ 29,742,952
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240	\$ 6,616,454	\$ 6,759,313	\$ 6,929,740
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of its Covered Employee Payroll	553.45%	636.46%	802.46%	654.83%	612.49%	552.76%	614.26%	429.21%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.23%	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 TOWNSHIP 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	\$ 1,870,668	\$ 2,441,097	\$ 3,759,083	\$ 2,869,934	\$ 2,254,224	\$ 2,157,164	\$ 2,581,892	\$ 699,865
Contributions in relation to the Contractually Required Contribution	(319,023)	(485,030)	(666,965)	(895,105)	(1,172,052)	(1,383,006)	(1,798,416)	(2,473,848)
Contribution Deficiency/(Excess)	\$ 1,551,645	\$ 1,956,067	\$ 3,092,118	\$ 1,974,829	\$ 1,082,172	\$ 774,158	\$ 783,476	\$ (1,773,983)
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240	\$ 6,616,454	\$ 6,759,313	\$ 6,929,740	\$ 7,378,988
Contributions as a percentage of Covered Employee Payroll	5.08%	7.78%	10.54%	14.18%	17.71%	20.46%	25.95%	33.53%

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 TOWNSHIP 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
Total OPEB Liability:			2020
Service Cost	\$ 1,371,021	\$ 1,141,866	\$ 1,017,780
Interest Cost	932,769	1,085,666	1,008,930
Changes in Assumptions	(3,821,120)	(2,914,147)	345,392
Differences between Expected and Actual Experience		(2,772,223)	(3,911,619)
Member Contributions	25,168	23,469	21,079
Gross Benefit Payments	(683,489)	(679,040)	(711,096)
Net Change in Total OPEB Liability	(2,175,651)	(4,114,409)	(2,229,534)
Total OPEB Liability - Beginning	31,684,565	29,508,914	25,394,505
Total OPEB Liability - Ending	\$ 29,508,914	\$ 25,394,505	\$ 23,164,971
State's Covered Employee Payroll *	\$ 8,273,977	\$ 8,255,086	\$ 8,680,648
Total OPEB Liability as a Percentage of Covered Employee Payroll	357%	308%	267%

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

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 TOWNSHIP 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 TOWNSHIP 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	\$ 16,964,726		\$ 16,964,726	\$ 16,964,726	
Tuition From Individuals	40,000		40,000	512,625	472,625
Transportation Fees From Other LEAs	900,000		900,000	1,668,389	768,389
Rents and Royalties	8,000		8,000	10,800	2,800
Unrestricted Miscellaneous Revenues	175,000		175,000	13,051	(161,949)
Interest Earned on Maintenance Reserve	125		125	1,293	1,168
Interest Earned on Capital Reserve Funds	125		125	1,376	1,251
Other Restricted Miscellaneous Revenues				16,320	16,320
Total Revenues from Local Sources	18,087,976		18,087,976	19,188,580	1,100,604
Revenues from State Sources:					
Categorical Transportation Aid	198,422		198,422	198,422	
Extraordinary Aid				395,542	395,542
Categorical Special Education Aid	640,145		640,145	640,145	
Categorical Security Aid	13,957		13,957	13,957	
Nonpublic Transportation Aid				22,170	22,170
COVID-19 Testing Reimbursement				31,634	31,634
State Reimbursement for Lead Testing of Drinking Water				8,730	8,730
TPAF Post Retirement Contributions (Non-Budgeted)				586,145	586,145
TPAF Pension Contributions (Non-Budgeted)				2,473,848	2,473,848
TPAF Non-Contributory Insurance (Non-Budgeted)				34,903	34,903
TPAF Long-Term Disability Insurance (Non-Budgeted)				850	850
Reimbursed TPAF Social Security Contributions				527,088	527,088
Total Revenues from State Sources	852,524		852,524	4,933,434	4,080,910
Revenues from Federal Sources:					
COVID-19 FEMA Reimbursement				100,626	100,626
Total Revenues from Federal Sources				100,626	100,626
TOTAL REVENUE	18,940,500		18,940,500	24,222,640	5,282,140

MENDHAM TOWNSHIP 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
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 245,120	\$ (124,960)	\$ 120,160	\$ 120,158	\$ 2
Kindergarten - Salaries of Teachers	380,599	(37,489)	343,110	343,109	1
Grades 1-5 - Salaries of Teachers	2,051,460	(115,280)	1,936,180	1,936,173	7
Grades 6-8 - Salaries of Teachers	1,738,118	475,339	2,213,457	2,213,454	3
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	(1,250)	2,250	533	1,717
Purchased Professional-Educational Services		1,250	1,250		1,250
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	136,257	6,570	142,827	142,824	3
Purchased Professional-Educational Services	67,350	114,048	181,398	181,395	3
Purchased Technical Services	5,000	(2,160)	2,840	2,838	2
Other Purchased Services (400-500 series)	175,000	28,490	203,490	201,253	2,237
General Supplies	443,069	16,962	460,031	407,018	53,013
Textbooks	86,469	(43,825)	42,644	42,644	
Other Objects	1,000	(1,000)			
Total Regular Programs - Instruction	5,332,942	316,695	5,649,637	5,591,399	58,238
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers		63,200	63,200	63,119	81
Purchased Professional-Educational Services		30,218	30,218	30,217	1
General Supplies		80	80	78	2
Total Learning and/or Language Disabilities		93,498	93,498	93,414	84
Resource Room/Resource Center:					
Salaries of Teachers	1,047,161	21,757	1,068,918	1,066,939	1,979
Other Salaries for Instruction	203,434	(58,207)	145,227	145,219	8
General Supplies	1,694	(298)	1,396	1,140	256
Total Resource Room/Resource Center	1,252,289	(36,748)	1,215,541	1,213,298	2,243

MENDHAM TOWNSHIP 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
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 157,842		\$ 157,842	\$ 157,145	\$ 697
Other Salaries for Instruction	27,980	\$ 4,172	32,152	32,152	
Purchased Professional-Educational Services	176,174	(142,882)	33,292	33,287	5
General Supplies	2,955		2,955	2,248	707
Total Preschool Disabilities - Full-Time	364,951	(138,710)	226,241	224,832	1,409
Home Instruction:					
Salaries of Teachers	3,500	(1,750)	1,750	820	930
Other Purchased Services (400-500 series)	3,750	5,250	9,000	9,000	
Total Home Instruction	7,250	3,500	10,750	9,820	930
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,624,490	(78,460)	1,546,030	1,541,364	4,666
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	317,655	(190,000)	127,655	126,420	1,235
General Supplies	1,200		1,200	593	607
Total Basic Skills/Remedial - Instruction	318,855	(190,000)	128,855	127,013	1,842
Bilingual Education - Instruction:					
Salaries of Teachers	6,128		6,128		6,128
Total Bilingual Education - Instruction	6,128		6,128		6,128
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	137,864	(35,511)	102,353	99,097	3,256
Purchased Services (300-500 series)	367	27,901	28,268	28,264	4
Supplies and Materials	9,341		9,341	7,478	1,863
Other Objects	9,341	(7,000)	2,341	165	2,176
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	156,913	(14,610)	142,303	135,004	7,299
School-Sponsored Athletics - Instruction:					
Salaries	65,593	(19,920)	45,673	40,951	4,722
Purchased Services (300-500 series)	22,231	19,942	42,173	42,173	
Supplies and Materials	8,350	3,760	12,110	10,412	1,698
Other Objects	2,365	10,565	12,930	12,929	1
Total School-Sponsored Athletics - Instruction	98,539	14,347	112,886	106,465	6,421

MENDHAM TOWNSHIP 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
Summer School - Instruction:					
Salaries of Teachers	\$ 26,400	\$ (14,299)	\$ 12,101	\$ 9,864	\$ 2,237
Other Salaries of Instruction	16,800	(3,230)	13,570	9,849	3,721
Purchased Professional & Technical Services	14,500	(13,168)	1,332	1,332	
Total Summer School - Instruction	57,700	(30,697)	27,003	21,045	5,958
Total Summer School	57,700	(30,697)	27,003	21,045	5,958
TOTAL INSTRUCTION	7,595,567	17,275	7,612,842	7,522,290	90,552
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	137,664	43,692	181,356	172,936	8,420
Tuition to Priv. Sch. for the Handicap. W/1 State	191,018	(62,822)	128,196	125,312	2,884
Total Undistributed Expenditures - Instruction	328,682	(19,130)	309,552	298,248	11,304
Undistributed Expend. - Attendance & Social Work:					
Salaries	53,520	1	53,521	53,520	1
Purchased Professional and Technical Services	11,360	(2,001)	9,359	5,950	3,409
Other Purchased Services (400-500 series)	19,000	(7,684)	11,316	10,822	494
Supplies and Materials	400		400	400	400
Total Undistributed Expend. - Attendance and Social Work	84,280	(9,684)	74,596	70,292	4,304
Undistributed Expenditures - Health Services:					
Salaries	124,192	(13,483)	110,709	109,722	987
Purchased Professional and Technical Services	10,100	37,117	47,217	42,955	4,262
Other Purchased Services (400-500 series)	1,540		1,540	972	568
Supplies and Materials	3,613	(1,100)	2,513	2,172	341
Total Undist. Expenditures - Health Services	139,445	22,534	161,979	155,821	6,158
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	150,189	4,590	154,779	154,776	3
Purchased Professional - Educational Services	60,000	(56,482)	3,518	3,508	10
Supplies and Materials	1,000	52	1,052	998	54
Total Undist. Expend. - Speech, OT, PT, Related Svcs	211,189	(51,840)	159,349	159,282	67

MENDHAM TOWNSHIP 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.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	\$ 68,659	\$ 70,634	\$ 139,293	\$ 139,290	\$ 3
Purchased Professional - Educational Services	122,325	97,026	219,351	219,349	2
Supplies and Materials	2,000	(1,500)	500	500	500
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>192,984</u>	<u>166,160</u>	<u>359,144</u>	<u>358,639</u>	<u>505</u>
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	137,572	19,638	157,210	157,208	2
Salaries of Secretarial and Clerical Assistants	53,148	(1,700)	51,448	50,211	1,237
Purchased Professional - Educational Services	900		900	405	495
Other Purchased Services (400-500 series)	14,124	1,198	15,322	13,968	1,354
Supplies and Materials	6,863	(4,590)	2,273	2,207	66
Other Objects	150		150	150	150
Total Undist Expend. - Guidance	<u>212,757</u>	<u>14,546</u>	<u>227,303</u>	<u>223,999</u>	<u>3,304</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	255,472	(8,411)	247,061	247,029	32
Salaries of Secretarial and Clerical Assistants	93,948	2,552	96,500	96,500	
Other Purchased Prof. and Tech. Services	5,100	1,136	6,236	6,135	101
Other Purchased Services (400-500 series)	9,450	(7,234)	2,216	505	1,711
Supplies and Materials	5,500	4,411	9,911	4,690	5,221
Other Objects	1,295		1,295	1,170	125
Total Undist Expend. - Child Study Team	<u>370,765</u>	<u>(7,546)</u>	<u>363,219</u>	<u>356,029</u>	<u>7,190</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	147,872	(7,420)	140,452	140,378	74
Other Salaries	8,000	(5,000)	3,000		3,000
Purchased Professional - Educational Services	6,000	(6,000)			
Other Purchased Services (400-500 series)	14,900		14,900		14,900
Supplies and Materials	3,000	7,500	10,500		10,500
Total Undist. Expend.-Improv. of Inst. Serv.	<u>179,772</u>	<u>(10,920)</u>	<u>168,852</u>	<u>140,378</u>	<u>28,474</u>

MENDHAM TOWNSHIP 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.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 157,250	\$ 2,930	\$ 160,180	\$ 160,158	\$ 22
Salaries of Technology Coordinators	98,527	2,530	101,057	101,056	1
Purchased Professional and Technical Services	2,757		2,757	1,108	1,649
Other Purchased Services (400-500 series)	8,946	(5,460)	3,486	2,624	862
Supplies and Materials	24,635		24,635	8,110	16,525
Total Undist Expend-Edu. Media Serv./Sch. Library	292,115		292,115	273,056	19,059
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	10,000		10,000	1,826	8,174
Total Undist.Expend.-Instructional Staff Training Services	10,000		10,000	1,826	8,174
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	326,931	23,193	350,124	350,124	
Legal Services	10,000	4,030	14,030	14,027	3
Audit Fees	30,500	3,000	33,500	33,500	
Architectural/Engineering Services	39,993	15,000	54,993	54,301	692
Other Purchased Professional Services	14,725	60,770	75,495	75,158	337
Communications / Telephone	41,900	12,200	54,100	54,013	87
BOE Other Purchased Services	1,500		1,500	1,156	344
BOE Purch. Serv. (400-500 series other than 530 & 585)	16,720	12,000	28,720	28,718	2
General Supplies	4,335		4,335	4,145	190
BOE In-house training/ Meeting Supplies	500		500	500	
Miscellaneous Expenditures	7,010	(292)	6,718	6,209	509
BOE Membership Dues and Fees	7,700	292	7,992	7,991	1
Total Undist. Expend.-Support Serv.-Gen. Admin.	501,814	130,193	632,007	629,342	2,665
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	328,286	19,050	347,336	347,335	1
Salaries of Other Professional Staff	30,252	7,563	37,815	37,815	
Salaries of Secretarial and Clerical Assistants	105,468	1,670	107,138	107,127	11
Purchased Professional and Technical Services	2,476		2,476	2,114	362
Other Purchased Services (400-500 series)	8,000	(7,557)	443	443	
Supplies and Materials	9,560	710	10,270	6,856	3,414
Other Objects	2,980	(210)	2,770	2,348	422
Total Undist. Expend.-Support Serv.-School Adm.	487,022	21,226	508,248	503,595	4,653

MENDHAM TOWNSHIP 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. - Central Services:					
Salaries	\$ 236,971	\$ 19,040	\$ 256,011	\$ 256,006	\$ 5
Purchased Professional Services	29,592	(2,175)	27,417	27,416	1
Miscellaneous Purchased Services (400-500 series other than 594)	3,700	(1,300)	2,400	2,400	
Supplies and Materials	5,712		5,712	5,475	237
Other Objects	2,090		2,090	1,315	775
Total Undist. Expend. - Central Services	<u>278,065</u>	<u>15,565</u>	<u>293,630</u>	<u>292,612</u>	<u>1,018</u>
Undist. Expend. - Admin. Info. Technology:					
Other Purchased Services (400-500 series)	5,000	(4,500)	500		500
Supplies and Materials	5,000	(500)	4,500	2,823	1,677
Total Undist. Expend. - Admin. Info. Technology	<u>10,000</u>	<u>(5,000)</u>	<u>5,000</u>	<u>2,823</u>	<u>2,177</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	125,446	9,824	135,270	132,665	2,605
Cleaning, Repair, and Maintenance Services	286,500	(43,439)	243,061	176,710	66,351
General Supplies	62,055		62,055	52,152	9,903
Total Undist. Expend.- Required Maint. for School Facilities	<u>474,001</u>	<u>(33,615)</u>	<u>440,386</u>	<u>361,527</u>	<u>78,859</u>
Undist. Expend.-Custodial Services:					
Salaries	441,108	(19,050)	422,058	421,855	203
Salaries of Non-Instructional Aides	24,000		24,000		24,000
Purchased Professional and Technical Services	30,800	(275)	30,525	30,156	369
Cleaning, Repair, and Maintenance Services	25,000	3,400	28,400	4,444	23,956
Other Purchased Property Services	28,600	7,995	36,595	36,594	1
Insurance	133,689	(3,400)	130,289	124,144	6,145
Miscellaneous Purchased Services	5,000		5,000		5,000
General Supplies	48,000	7,795	55,795	54,806	989
Energy (Natural Gas)	100,400	(15,490)	84,910	75,601	9,309
Energy (Electricity)	258,671	(87,118)	171,553	166,493	5,060
Energy (Gasoline)	4,700	1,500	6,200	4,508	1,692
Other Objects	960	(110)	850	805	45
Total Undist. Expend.-Custodial Services	<u>1,100,928</u>	<u>(104,753)</u>	<u>996,175</u>	<u>919,406</u>	<u>76,769</u>

MENDHAM TOWNSHIP 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:					
Salaries	\$ 123,554	\$ (8,245)	\$ 115,309	\$ 97,932	\$ 17,377
Cleaning, Repair, and Maintenance Services	26,290		26,290	24,100	2,190
General Supplies	7,400	1,700	9,100	5,987	3,113
Total Care And Upkeep Of Grounds	<u>157,244</u>	<u>(6,545)</u>	<u>150,699</u>	<u>128,019</u>	<u>22,680</u>
Security:					
Purchased Professional and Technical Services	3,000	17,583	20,583	20,583	
Cleaning, Repair, and Maintenance Services	3,000	(86)	2,914	1,442	1,472
General Supplies	3,000	86	3,086	3,086	
Total Security	<u>9,000</u>	<u>17,583</u>	<u>26,583</u>	<u>25,111</u>	<u>1,472</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>1,741,173</u>	<u>(127,330)</u>	<u>1,613,843</u>	<u>1,434,063</u>	<u>179,780</u>
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	1,229,584	100,357	1,329,941	1,329,921	20
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	161,965	(5,800)	156,165	156,098	67
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	86,628	(25,207)	61,421	61,411	10
Sal. For Pupil Trans. (Bet. Home & Sch) Non Public	34,818	2	34,820	34,819	1
Management Fee - ESC&CTSA Transportation Program	4,000	(2,500)	1,500	1,499	1
Cleaning, Repair, and Maint. Services	352,171	(116,580)	235,591	231,650	3,941
Lease Purchase Payments - School Buses	456,102	200,090	656,192	210,547	445,645
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	60,822	15,780	76,602	76,600	2
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	1,000		1,000		1,000
Contract. Serv.(Reg. Students)-ESCs & CTAS	14,320	(4,500)	9,820	9,798	22
Contract. Serv.(Spl. Ed. Students)-ESCs & CTAS	124,500	(32,350)	92,150	92,149	1
Misc. Purchased Serv. - Transportation	12,750	25,000	37,750	36,683	1,067
Transportation Supplies	190,374	39,998	230,372	230,133	239
Other Objects	4,500		4,500	4,497	3
Total Undist. Expend.-Student Trans. Serv.	<u>2,733,534</u>	<u>194,290</u>	<u>2,927,824</u>	<u>2,475,805</u>	<u>452,019</u>

MENDHAM TOWNSHIP 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
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Social Security Contributions	\$ 392,214	\$ (44,510)	\$ 347,704	\$ 347,702	\$ 2
Tuition Reimbursement	61,600	28,115	89,715	89,715	
Total Regular Programs - Instruction	453,814	(16,395)	437,419	437,417	2
TOTAL ALLOCATED BENEFITS	453,814	(16,395)	437,419	437,417	2
UNALLOCATED BENEFITS					
Other Retirement Contributions - PERS	384,456	(89,000)	295,456	294,753	703
Other Retirement Contributions - Regular	40,000	40,000	40,000	38,746	1,254
Workers Compensation	195,021	(34,800)	160,221	159,703	518
Health Benefits	2,971,101	492,500	3,463,601	3,452,149	11,452
Other Employee Benefits	746,540	(742,500)	4,040	3,380	660
TOTAL UNALLOCATED BENEFITS	4,307,118	(343,800)	3,963,318	3,948,731	14,587
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				586,145	(586,145)
TPAF Pension Contributions (Non-Budgeted)				2,473,848	(2,473,848)
TPAF Non-Contributory Insurance (Non-Budgeted)				34,903	(34,903)
TPAF Long-Term Disability Insurance (Non-Budgeted)				850	(850)
Reimbursed TPAF Social Security Contributions				527,088	(527,088)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				3,622,834	(3,622,834)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,760,932	(360,195)	4,400,737	8,008,982	(3,608,245)
TOTAL UNDISTRIBUTED EXPENDITURES	12,534,529	(27,131)	12,507,398	15,384,792	(2,877,394)
TOTAL GENERAL CURRENT EXPENSE	20,130,096	(9,856)	20,120,240	22,907,082	(2,786,842)
CAPITAL OUTLAY					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.	42,998	52,856	95,854	42,998	52,856
Undist. Expend.-Student Trans.- Non-Inst. Equip.	43,000	(43,000)			
School Buses - Regular	306,928		306,928	306,928	
Total Equipment	392,926	9,856	402,782	349,926	52,856

MENDHAM TOWNSHIP 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
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	\$ 61,715		\$ 61,715	\$ 61,715	
Total Facilities Acquisition and Const. Serv.	<u>61,715</u>		<u>61,715</u>	<u>61,715</u>	
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				97,835	\$ (97,835)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>97,835</u>	<u>(97,835)</u>
TOTAL CAPITAL OUTLAY	454,641	\$ 9,856	464,497	509,476	(44,979)
TOTAL EXPENDITURES	<u>20,584,737</u>		<u>20,584,737</u>	<u>23,416,558</u>	<u>(2,831,821)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,644,237)		(1,644,237)	806,082	2,450,319
Other Financing Sources/(Uses):					
Leases (Non-budgeted)				97,835	(97,835)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,644,237)		(1,644,237)	903,917	2,548,154
Fund Balance, July 1	5,734,733		5,734,733	5,734,733	
Fund Balance, June 30	<u>\$ 4,090,496</u>	\$ -0-	<u>\$ 4,090,496</u>	<u>\$ 6,638,650</u>	<u>\$ 2,548,154</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024				\$ 1,028,522	
Excess Surplus - Restricted For 2022-2023				1,134,000	
Capital Reserve				1,546,006	
Maintenance Reserve				915,684	
Unemployment Compensation				116,660	
Assigned Fund Balance:					
Year End Encumbrances				692,230	
Unassigned Fund Balance				<u>1,205,548</u>	
				<u>6,638,650</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(79,081)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,559,569</u>	

MENDHAM TOWNSHIP 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
REVENUES:					
Local Sources	\$ 8,700	\$ 91,202	\$ 99,902	\$ 98,163	\$ (1,739)
State Sources				1,716	1,716
Federal Sources	130,000	74,652	204,652	189,352	(15,300)
Total Revenues	138,700	165,854	304,554	289,231	(15,323)
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services		9,168	9,168	9,168	
Other Purchased Professional Services	115,000	49,241	164,241	164,241	
General Supplies	8,700		8,700	2,077	6,623
Total Instruction	123,700	58,409	182,109	175,486	6,623
Support Services:					
Purchased Professional and Technical Services	10,000	6,863	16,863	16,863	
Other Purchased Professional Services	5,000	(3,420)	1,580	1,580	
Supplies and Materials		4,100	4,100	4,100	
Student Activities		98,603	98,603	89,903	8,700
Total Support Services	15,000	106,146	121,146	112,446	8,700
Total Expenditures	\$ 138,700	\$ 164,555	\$ 303,255	\$ 287,932	\$ 15,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ 1,299	\$ 1,299	\$ 1,299	\$ - 0 -

MENDHAM TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
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	\$ 24,222,640	\$ 289,231
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(1,237)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	60,317	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(79,081)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 24,203,876	\$ 287,994
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 23,416,558	\$ 287,932
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.		(1,237)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 23,416,558	\$ 286,695

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 are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis 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 recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	ESEA Title IV	IDEA Part B Basic	Preschool
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 16,863	\$ 163,321	\$ 9,168
Total Revenue	16,863	163,321	9,168
EXPENDITURES:			
Instruction:			
Purchased Professional and Technical Services			9,168
Other Purchased Professional Services		161,741	
General Supplies			
Total Instruction		161,741	9,168
Support Services:	16,863		
Purchased Professional and Technical Services		1,580	
Other Purchased Professional Services			
Supplies and Materials			
Student Activities			
Total Support Services	16,863	1,580	
Total Expenditures	\$ 16,863	\$ 163,321	\$ 9,168

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

	<u>Anti-Bullying Bill of Rights Act</u>	<u>Local Grants</u>	<u>Student Activities</u>	<u>Totals</u>
REVENUE:				
Local Sources	\$	6,961	\$ 91,202	\$ 98,163
State Sources	1,716			1,716
Federal Sources				189,352
Total Revenue	<u>1,716</u>	<u>6,961</u>	<u>91,202</u>	<u>289,231</u>
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services				9,168
Other Purchased Professional Services		2,500		164,241
General Supplies	1,716	361		2,077
Total Instruction	<u>1,716</u>	<u>2,861</u>		<u>175,486</u>
Support Services:				
Purchased Professional and Technical Services				16,863
Other Purchased Professional Services				1,580
Supplies and Materials		4,100		4,100
Student Activities			89,903	89,903
Total Support Services		<u>4,100</u>	<u>89,903</u>	<u>112,446</u>
Total Expenditures	<u>\$ 1,716</u>	<u>\$ 6,961</u>	<u>\$ 89,903</u>	<u>\$ 287,932</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
MENDHAM TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 19,903,000
Interest on Investments	12,037
	<hr/>
Total Revenue and Other Financing Sources	19,915,037
	<hr/>
Expenditures:	
Instructional Equipment Purchases	28,114
Other Purchased Professional Services	152,004
	<hr/>
Total Expenditures	180,118
	<hr/>
Other Financing Uses:	
Operating Transfer Out - Debt Service Fund	12,037
	<hr/>
Total Other Financing Uses	12,037
	<hr/>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	19,722,882
	<hr/>
Fund Balance - Beginning of Year	-0-
	<hr/>
Fund Balance - End of Year	\$ 19,722,882
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted for Year-End Encumbrances	\$ 1,336,220
Restricted Fund Balance	18,386,662
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 19,722,882
	<hr/> <hr/>

MENDHAM TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2022 REFERENDUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:			
Bond Proceeds	\$ 19,903,000	\$ 19,903,000	\$ 19,903,197
Total Revenue and Other Financing Sources	19,903,000	19,903,000	19,903,197
Expenditures:			
Legal Services	\$ 28,114	28,114	29,714
Purchased Professional and Technical Services	152,004	152,004	1,486,624
Construction Services			18,386,859
Total Expenditures	180,118	180,118	19,903,197
Excess of Revenue and Other Financing Sources over Expenditures	\$ 19,722,882	\$ 19,722,882	\$ -0-
Additional Project Information:			
Project Number	3100-XXX-21-XXXX		
Grant Date	N/A		
Bond Authorization Date	02/15/22		
Bonds Authorized	\$ 19,903,197		
Bonds Issued	\$ 19,903,000		
Original Authorized Cost	\$ 19,903,197		
Percentage Increase over Original Authorized Cost	0%		
Percentage Completion	1%		
Original Target Completion Date	06/30/24		

PROPRIETARY FUNDS

MENDHAM TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Non-Major Funds</u>		Enterprise
	<u>Middle School Play</u>	<u>Food Service</u>	<u>Funds Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 9,071	\$ 35,969	\$ 45,040
Interfund Accounts Receivable		1,549	1,549
Inventories		5,533	5,533
Total Current Assets	<u>9,071</u>	<u>43,051</u>	<u>52,122</u>
Non-Current Assets:			
Capital Assets		73,579	73,579
Less: Accumulated Depreciation		<u>(52,887)</u>	<u>(52,887)</u>
Total Non-Current Assets		<u>20,692</u>	<u>20,692</u>
Total Assets	<u>9,071</u>	<u>63,743</u>	<u>72,814</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue - Prepaid Meals		<u>11,740</u>	<u>11,740</u>
Total Current Liabilities		<u>11,740</u>	<u>11,740</u>
NET POSITION:			
Investment in Capital Assets		20,692	20,692
Unrestricted	<u>9,071</u>	<u>31,311</u>	<u>40,382</u>
Total Net Position	<u>\$ 9,071</u>	<u>\$ 52,003</u>	<u>\$ 61,074</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Non-Major Funds</u>		<u>Enterprise</u>
	<u>Middle School</u>	<u>Food</u>	<u>Funds</u>
	<u>Play</u>	<u>Service</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Meals		\$ 265,761	\$ 265,761
Charges for Services:			
Program Fees	\$ 38,759		38,759
Total Operating Revenue	<u>38,759</u>	<u>265,761</u>	<u>304,520</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		123,967	123,967
Salaries, Benefits & Payroll Taxes		98,341	98,341
Supplies, Insurance & Other Costs		24,292	24,292
Management Fee		16,020	16,020
Miscellaneous	30,756		30,756
Depreciation Expense		5,181	5,181
Total Operating Expenses	<u>30,756</u>	<u>267,801</u>	<u>298,557</u>
Operating Income/(Loss)	8,003	(2,040)	5,963
Non-Operating Revenue:			
Local Sources:			
Interest Income	14	145	159
Total Non-Operating Revenue	<u>14</u>	<u>145</u>	<u>159</u>
Change in Net Position	8,017	(1,895)	6,122
Net Position - Beginning of Year	<u>1,054</u>	<u>53,898</u>	<u>54,952</u>
Net Position - End of Year	<u>\$ 9,071</u>	<u>\$ 52,003</u>	<u>\$ 61,074</u>

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

	Non-Major Funds		Enterprise Funds Total
	Middle School Play	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 38,759	\$ 264,444	\$ 303,203
Payments for Programs	(30,756)		(30,756)
Payments to Food Service Vendor		(265,536)	(265,536)
Net Cash Provided by/(Used for) Operating Activities	<u>8,003</u>	<u>(1,092)</u>	<u>6,911</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	14	145	159
Net Cash Provided by Investing Activities	<u>14</u>	<u>145</u>	<u>159</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	8,017	(947)	7,070
Cash and Cash Equivalents, July 1	<u>1,054</u>	<u>36,916</u>	<u>37,970</u>
Cash and Cash Equivalents, June 30	<u>\$ 9,071</u>	<u>\$ 35,969</u>	<u>\$ 45,040</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used) for Operating Activities:			
Operating Income/(Loss)	\$ 8,003	\$ (2,040)	\$ 5,963
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		5,181	5,181
Changes in Assets and Liabilities:			
(Increase)/Decrease in Interfund Accounts Receivable		(2,916)	(2,916)
Increase/(Decrease) in Unearned Revenue		(1,317)	(1,317)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 8,003</u>	<u>\$ (1,092)</u>	<u>\$ 6,911</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2021	Issued	Retired or Matured	Balance June 30, 2022
			Outstanding June 30, 2022	Amount					
Refunding School Bonds	02/25/10	\$ 3,120,000				\$ 320,000	\$ 320,000		
Refunding School Bonds	11/09/11	6,555,000	\$ 720,000		4.0%	1,445,000	725,000	\$ 720,000	
School Bonds, Series 2022	03/30/22	19,903,000			2.00%		\$ 19,903,000		19,903,000
			1,033,000		2.00%				
			855,000		2.00%				
			875,000		2.00%				
			885,000		2.00%				
			910,000		2.00%				
			925,000		2.00%				
			950,000		2.50%				
			970,000		2.50%				
			1,000,000		2.50%				
			1,025,000		2.50%				
			1,050,000		2.50%				
			1,075,000		2.50%				
			1,100,000		2.75%				
			1,125,000		2.75%				
			1,160,000		2.75%				
			1,200,000		2.75%				
			1,220,000		2.75%				
			1,255,000		2.75%				
			1,290,000		2.75%				
						\$ 1,765,000	\$ 1,045,000	\$ 20,623,000	
						\$ 19,903,000	\$ 1,045,000	\$ 20,623,000	

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Original Issue	Interest Rate	(Restated) Balance July 1, 2021	Retired	Balance June 30, 2022
2018 BlueBird 54 Passenger Bus (2)	\$ 198,491	2.500%	\$ 40,776	\$ 40,776	
2018 BlueBird 54 Passenger Bus	198,600	3.385%	81,059	39,855	\$ 41,204
2019 BlueBird 54 Passenger Bus	188,500	2.190%	113,126	36,895	76,231
2020 BlueBird 54 Passenger Bus	414,332	2.270%	328,283	79,328	248,955
			<u>\$ 563,244</u>	<u>\$ 196,854</u>	<u>\$ 366,390</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	(Restated)		Matured	Balance June 30, 2022
			Balance July 1, 2021	Issued		
2017 Savin - 9003 SP Copier (1)	4.94%	\$ 36,010	\$ 694	\$ 694		
2018 Savin Copier C3504	5.27%	13,080	3,337	2,476	\$ 861	
Savin 7503 Digital Copiers w/Accessories and Savin 4055 Digital Copier w/Accessories	3.83%	82,719	35,383	17,297	18,086	
2022 Savin Copier	3.45%	97,836		7,402	90,433	
			\$ 39,414	\$ 27,869	\$ 109,380	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,110,800		\$ 1,110,800	\$ 1,110,800	
Total Revenues	1,110,800		1,110,800	1,110,800	
EXPENDITURES:					
Regular Debt Service:					
Interest	65,800		65,800	65,800	
Redemption of Principal	1,045,000		1,045,000	1,045,000	
Total Regular Debt Service	1,110,800		1,110,800	1,110,800	
Total Expenditures	1,110,800		1,110,800	1,110,800	
(Deficit) of Revenues (Under) Expenditures					
Other Financing Sources:					
Transfers In - Capital Projects Fund				12,037	\$ 12,037
Total Other Financing Sources				12,037	12,037
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures				12,037	12,037
Fund Balance, July 1					
Fund Balance, June 30 (Restricted)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 12,037	\$ 12,037

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,587,642	\$ 11,678,389	\$ 12,026,347	\$ 12,714,846	\$ 13,002,974	\$ 11,393,587	\$ 12,166,320	\$ 12,533,521	\$ 12,719,795	\$ 13,148,798
Restricted	1,732,625	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808
Unrestricted/(Deficit)	(72,086)	(95,288)	(4,921,355)	(5,876,520)	(5,810,621)	(6,089,767)	(6,129,919)	(6,229,393)	(4,789,486)	(4,096,711)
Total Governmental Activities	\$ 13,248,181	\$ 13,552,328	\$ 8,285,924	\$ 9,268,116	\$ 10,473,724	\$ 8,083,383	\$ 8,264,654	\$ 9,419,259	\$ 11,848,269	\$ 13,880,895
Business-Type Activities:										
Net Investment in Capital Assets	\$ 56,811	\$ 49,625	\$ 42,440	\$ 39,987	\$ 43,094	\$ 69,763	\$ 65,572	\$ 30,627	\$ 25,873	\$ 20,692
Unrestricted/(Deficit)	179,494	332,252	562,790	830,557	(143,118)	55,255	60,445	49,318	29,079	40,382
Total Business-Type Activities/(Deficit)	\$ 236,305	\$ 381,877	\$ 605,230	\$ 870,544	\$ (100,024)	\$ 125,018	\$ 126,017	\$ 79,945	\$ 54,952	\$ 61,074
District-Wide:										
Net Investment in Capital Assets	\$ 11,644,453	\$ 11,728,014	\$ 12,068,787	\$ 12,754,833	\$ 13,046,068	\$ 11,463,350	\$ 12,231,892	\$ 12,564,148	\$ 12,745,668	\$ 13,169,490
Restricted	1,732,625	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808
Unrestricted/(Deficit)	107,408	236,964	(4,358,565)	(5,045,963)	(5,953,739)	(6,034,512)	(6,069,474)	(6,180,075)	(4,760,407)	(4,056,329)
Total District Net Position	\$ 13,484,486	\$ 13,934,205	\$ 8,891,154	\$ 10,138,660	\$ 10,373,700	\$ 8,208,401	\$ 8,390,671	\$ 9,499,204	\$ 11,903,221	\$ 13,941,969

* as Restated

Source: Mendham Township School District Financial records.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 6,791,162	\$ 6,155,762	\$ 6,104,125	\$ 6,313,306	\$ 6,658,674	\$ 8,986,250	\$ 8,307,563	\$ 8,258,757	\$ 9,390,165	\$ 9,278,790
Special Education	1,455,221	1,290,977	1,364,647	1,492,497	1,594,096	2,777,430	2,633,503	2,821,994	2,793,433	2,826,426
Other Special Education	322,215	334,233	349,116	362,199	387,201					
Other Instruction	270,066	262,969	280,353	330,098	297,251	686,536	532,454	643,700	392,749	249,626
School - Sponsored Instruction						95,963	203,760	248,689	214,180	241,469
Support Services:										
Tuition	370,629	269,623	484,355	627,038	239,943	199,346	279,052	266,576	140,074	298,248
Student and Instruction Related Services	1,699,698	1,928,462	2,028,083	1,946,654	1,993,151	2,993,835	2,859,598	2,370,468	2,125,288	2,382,548
General Administrative Services	532,902	611,498	713,418	634,217	668,166	708,975	633,455	736,119	788,998	903,932
School Administrative Services	830,016	958,830	818,574	787,022	835,610	1,144,566	1,077,501	845,071	738,557	746,989
Central Services	288,167	301,603	304,689	293,257	278,549	433,729	434,052	479,544	512,226	498,016
Plant Operations and Maintenance	2,080,172	2,311,829	2,283,844	2,430,491	2,583,776	2,267,846	2,385,403	2,124,534	2,417,024	2,601,587
Pupil Transportation	2,343,243	2,396,188	2,696,545	2,641,080	2,619,195	2,256,004	2,365,703	2,310,152	2,441,564	3,040,053
Unallocated Employee Benefits	165,357	(1,634)	111,689	(44,112)	667,857					
Unallocated Depreciation						5,027	6,214	6,439	9,182	8,754
Charter Schools					50,360	20,954		17,930		
Capital Outlay					314,714	314,714	61,715	61,355	94,233	104,713
Interest on Long-Term Debt	389,327	364,000	333,386	302,485	270,936	244,899	191,521	146,157	111,711	196,441
Total Governmental Activities Expenses	17,538,175	17,184,340	17,872,824	18,116,232	19,144,765	23,136,074	21,991,494	21,337,485	22,169,384	23,377,592
Business-Type Activities:										
Food Service	281,016	301,289	375,445	292,935	280,416	316,065	319,648	240,837	84,740	259,798
Enrichment Program	39,178	55,762	98,249	32,517	24,908	26,235				
Preschool Program	31,736	147,215	204,221	38,636	2,964	104,165	336,623			
2 Year Old Program						85,311	95,613			
Middle School Play						26,178	47,526	10,678	3,720	38,759
Total Business-Type Activities Expense	351,930	504,266	677,915	364,088	308,288	557,954	799,410	251,515	88,460	298,557
Total District Expenses	\$ 17,890,105	\$ 17,688,606	\$ 18,550,739	\$ 18,480,320	\$ 19,453,053	\$ 23,694,028	\$ 22,790,904	\$ 21,589,000	\$ 22,257,844	\$ 23,676,149
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition				\$ 63,384	\$ 45,525	\$ 48,607	\$ 78,814	\$ 434,343	\$ 360,936	\$ 512,625
Student & Instruction Related Services				11,759	12,729				58,126	98,163
Plant Operations and Maintenance	\$ 689,515	\$ 791,006	\$ 791,999	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389
Pupil Transportation	1,611,808	1,386,134	1,527,454	1,789,617	1,863,123	6,207,991	5,099,924	4,376,337	5,048,280	4,845,720
Operating Grants and Contributions				2,605,503	2,730,866	7,067,507	6,129,744	6,006,973	6,803,343	7,124,897
Total Governmental Activities Program Revenues	2,301,323	2,177,140	2,319,453	2,605,503	2,730,866	7,067,507	6,129,744	6,006,973	6,803,343	7,124,897

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues:										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 276,602	\$ 267,096	\$ 285,249	\$ 299,975	\$ 298,406	\$ 319,700	\$ 318,315	\$ 229,617	\$ 59,575	\$ 273,764
Enrichment Program	50,521	69,234	81,077	71,707	139,185	153	338,872			
Preschool Program	157,848	147,925	168,615	217,560	217,719	298,776	91,004	6,120	3,792	30,756
2 Year Old Program						91,277	20,759			
Middle School Play						20,759	50,723			
Operating grants and contributions	4,132	4,694	5,486	3,734	3,729	3,546				
Total Business-Type Activities Program Revenues	489,103	488,949	540,427	592,976	659,039	734,211	798,914	235,737	63,367	304,520
Total District Program Revenues	\$ 2,790,426	\$ 2,666,089	\$ 2,859,880	\$ 3,198,479	\$ 3,389,905	\$ 7,801,718	\$ 6,928,658	\$ 6,242,710	\$ 6,866,710	\$ 7,429,417
Net (Expense)/Revenue:										
Governmental Activities	\$ (15,236,852)	\$ (15,007,200)	\$ (15,553,371)	\$ (15,510,729)	\$ (16,413,899)	\$ (16,068,567)	\$ (15,861,750)	\$ (15,330,512)	\$ (15,366,041)	\$ (16,252,695)
Business-Type Activities	137,173	(15,317)	(137,488)	228,888	350,751	176,257	(496)	(15,778)	(25,093)	5,963
Total District-Wide Net Expense	\$ (15,099,679)	\$ (15,022,517)	\$ (15,690,859)	\$ (15,281,841)	\$ (16,063,148)	\$ (15,892,310)	\$ (15,862,246)	\$ (15,346,290)	\$ (15,391,134)	\$ (16,246,732)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,895,226	\$ 13,895,226	\$ 14,132,426	\$ 14,382,115	\$ 14,367,805	\$ 14,645,103	\$ 14,762,364	\$ 15,499,544	\$ 16,632,084	\$ 16,964,726
Taxes Levied for Debt Service	1,209,613	1,174,250	1,215,438	1,178,925	1,180,538	1,205,525	1,189,038	1,216,925	946,175	1,110,800
Unrestricted Grants and Contributions	418,969	561,737	577,283	590,109	581,687	34,804	15,699	14,031	13,862	154,918
Miscellaneous Income	52,916	13,554	2,233	124,557	6,685	21,639	75,767	25,237	168,518	54,877
Capital Lease Payments	122,950	112,846	145,736	176,221	181,704					
Fixed Assets	12,572	(285,583)	(311,108)	194,802	(139,811)					
Transfers				274,723	581,181		153	(133)		
Other Items			(5,214,556)					(310,301)		
Total Governmental Activities	15,712,246	15,472,030	10,547,452	16,921,452	16,759,789	15,907,071	16,044,021	16,445,303	17,760,639	18,285,321
Business-Type Activities:										
Transfers	178	206	356	(274,723)	(581,181)	19,698	(153)	862	100	159
Miscellaneous Income				904	1,294		1,648	(31,289)		
Other Items										
Total Business-Type Activities	178	206	356	(273,819)	(579,887)	20,663	1,495	(30,294)	100	159
Total District-Wide	\$ 15,712,424	\$ 15,472,236	\$ 10,547,808	\$ 16,647,633	\$ 16,179,902	\$ 15,927,734	\$ 16,044,516	\$ 16,415,009	\$ 17,760,739	\$ 18,285,480
Change in Net Position:										
Governmental Activities	\$ 475,394	\$ 464,830	\$ (5,005,919)	\$ 1,410,723	\$ 345,890	\$ (161,496)	\$ 181,271	\$ 1,114,791	\$ 2,394,598	\$ 2,032,626
Business-Type Activities	137,351	(15,111)	(137,132)	(44,931)	(229,136)	196,920	999	(46,072)	(24,993)	6,122
Total District	\$ 612,745	\$ 449,719	\$ (5,143,051)	\$ 1,365,792	\$ 116,754	\$ 35,424	\$ 182,270	\$ 1,068,719	\$ 2,369,605	\$ 2,038,748

Source: Mendham Township School District Financial records.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 1,690,063	\$ 1,926,665	\$ 1,746,656	\$ 2,387,228	\$ 3,281,371	\$ 2,779,563	\$ 2,228,253	\$ 3,040,147	\$ 3,843,360	\$ 4,740,872
Assigned	17,409	7,412	142,543	164,853	48,256	7,179	7,680	7,680	794,488	692,230
Unassigned	278,090	418,684	428,878	437,668	421,139	455,845	553,070	554,442	1,036,568	1,126,467
Total General Fund	\$ 1,985,562	\$ 2,352,761	\$ 2,318,077	\$ 2,989,749	\$ 3,750,766	\$ 3,242,587	\$ 2,781,323	\$ 3,602,269	\$ 5,674,416	\$ 6,559,569
All Other Governmental Funds										
Restricted, Reported in:										
Special Revenue Fund								\$ 74,984	\$ 74,600	\$ 75,899
Capital Projects Fund	\$ 42,562	\$ 42,562	\$ 42,562	\$ 42,562						19,722,882
Debt Service Fund										12,037
Total All Other Governmental Funds	\$ 42,562	\$ 42,562	\$ 42,562	\$ 42,562	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 74,984	\$ 74,600	\$ 19,810,818

Source: Mendham Township School District Financial records.

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$15,104,839	\$15,069,476	\$15,347,864	\$15,561,040	\$15,548,343	\$15,850,628	\$15,951,402	\$16,716,469	\$17,578,259	\$18,075,526
Tuition Charges	770	27,675	46,785	63,384	45,525	48,607	78,814	434,343	360,936	512,625
Transportation Fees from other LEAs	689,515	763,331	726,985	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389
Interest Earnings	369	25	1,214	2,369	6,685	12,336	6,163	5,931	9,273	2,669
Miscellaneous	53,577	13,529	23,380	103,958	2,623	167	57,972	9,548	215,111	139,571
Rental Income				29,988	12,729	11,429	12,460	9,758	2,260	10,800
State Sources	1,844,941	1,767,587	1,927,834	2,164,558	2,297,776	2,666,120	3,042,404	3,314,649	3,966,939	4,916,386
Federal Sources	184,036	180,284	172,771	215,168	144,411	282,360	295,422	160,346	222,565	288,741
Total Revenue	17,878,047	17,821,907	18,246,833	18,881,208	18,867,581	19,682,556	20,395,643	21,847,337	23,691,344	25,614,707
Expenditures:										
Instruction										
Regular Instruction	4,935,823	4,646,348	4,666,396	4,599,211	4,726,763	4,701,133	4,759,563	4,852,934	5,200,121	5,615,702
Special Education Instruction	1,054,901	946,119	990,755	1,080,940	1,128,803	1,440,402	1,540,837	1,688,286	1,576,779	1,713,853
Other Special Instruction	232,353	243,716	252,241	261,906	274,200					
Other Instruction	195,786	192,737	203,555	239,089	210,501	301,073	199,409	268,784	234,767	148,058
School-Sponsored						95,963	203,760	248,689	214,180	241,469
Support Services:										
Tuition	268,690	197,614	351,675	454,162	169,918	199,346	279,052	266,576	140,074	298,248
Student and Instruction Related Services	1,237,174	1,418,064	1,480,517	1,406,785	1,409,638	1,543,113	1,553,536	1,461,164	1,621,146	1,829,225
General Administrative Services	381,969	442,729	501,575	432,695	449,973	420,729	411,570	464,477	473,653	629,342
School Administrative Services	600,941	701,959	593,554	569,254	590,978	599,137	597,939	473,320	494,479	503,595
Central Services	208,909	221,053	221,225	212,405	197,257	229,223	243,337	280,764	275,663	295,435
Plant Operations and Maintenance	1,158,448	1,337,980	1,300,093	1,397,712	1,465,446	1,479,374	1,450,749	1,278,079	1,239,096	1,434,063
Pupil Transportation	1,596,388	1,652,743	1,848,684	1,794,880	1,731,701	1,907,814	1,999,911	1,880,032	2,053,017	2,475,805
Unallocated Benefits	4,433,402	4,307,402	4,529,477	4,655,914	5,045,824	5,667,319	5,994,179	6,274,021	6,831,198	8,008,982

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

UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditures: (Cont'd)										
Capital Outlay	\$ 130,544	\$ 14,176	\$ 9,771	\$ 31,194	\$ 22,512	\$ 589,321	\$ 516,899	\$ 287,578	\$ 508,565	\$ 689,594
Charter Schools						20,954		17,930		
Debt Service:	1,209,613									
Principal		830,000	875,000	870,000	945,000	965,000	990,000	1,060,000	1,060,000	1,045,000
Interest and Other Charges		390,913	340,438	308,925	278,100	240,525	199,038	156,925	111,175	65,800
Total Expenditures	17,644,941	17,543,553	18,164,956	18,315,072	18,646,614	20,400,426	20,939,779	20,959,559	22,033,913	24,994,171
Excess (Deficiency) of Revenues Over (Under) Expenditures	233,106	278,354	81,877	566,136	220,967	(717,870)	(544,136)	887,778	1,657,431	620,536
Other Financing Sources (Uses)										
Serial Bond Proceeds										19,903,000
Transfers In	170,702		233,355	274,723	581,181		153	4,647		12,037
Transfers Out			(5,558)		(35,663)			(4,780)		(12,037)
Capital Leases/ Financed Purchases (Non-Budgeted)										
Leases (Non-Budgeted)										97,835
Due to State for Prior Year's Grant Funds										(236,569)
Cancellation of Prior Year Receivable										(103,069)
Total Other Financing Sources (Uses)	443,919	443,919	456,237	473,833	778,263	209,691	82,872	(151,271)	414,332	20,000,835
Net Change in Fund Balances	\$ 233,106	\$ 722,273	\$ 538,114	\$ 1,039,969	\$ 999,230	\$ (508,179)	\$ (461,264)	\$ 736,507	\$ 2,071,763	\$ 20,621,371
Debt Service as a Percentage of Noncapital Expenditures	6.91 %	6.96 %	6.69 %	6.45 %	6.57 %	6.09 %	5.82 %	5.89 %	5.44 %	4.57 %

Source: Mendham Township School District Financial records.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2013	\$ 3,390	\$ 770	\$ 689,515	\$ 48,756	\$ 742,431
2014	1,503	27,675	763,331	12,051	804,560
2015	1,498	46,785	726,985	23,096	798,364
2016	2,369	63,384	740,743	131,624	938,120
2017	6,685	45,525	809,489	12,729	874,428
2018	12,336	48,607	810,909	9,303	881,155
2019	6,163	78,814	951,006	69,604	1,105,587
2020	5,931	434,343	1,196,293	19,306	1,655,873
2021	9,273	360,936	1,336,001	159,245	1,865,455
2022	2,669	512,625	1,668,389	40,171	2,223,854

Source: Mendham Township School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 26,460,500	\$ 1,746,400,700	\$ 105,180,500	\$ 607,200	\$ 10,162,400	\$ 2,100	\$ -	\$ 1,888,813,400	\$ 1,446,047	\$ 1,890,259,447	\$ 152,447,200	0.50	\$ 2,010,591,255
2013	26,692,700	1,743,151,500	104,058,700	622,500	10,162,400	2,100	-	1,884,689,900	1,537,902	1,886,227,802	152,592,200	0.52	1,951,547,561
2014	23,995,000	1,733,473,800	109,314,900	617,800	10,162,400	2,100	-	1,877,566,000	1,239,350	1,878,805,350	152,605,300	0.52	1,895,672,519
2015	22,888,000	1,729,916,200	111,919,200	624,700	10,162,400	2,100	-	1,875,512,600	1,226,793	1,876,739,393	152,605,300	0.55	1,963,385,307
2016	23,331,400	1,726,534,100	112,663,100	624,700	10,162,400	2,100	-	1,873,317,800	1,240,960	1,874,558,760	152,605,300	0.55	1,942,042,113
2017	21,865,300	1,726,778,500	115,993,000	606,300	10,039,000	2,100	-	1,875,284,200	1,244,391	1,876,528,591	152,589,500	0.55	1,959,468,151
2018	21,643,900	1,719,760,500	122,730,600	520,300	10,123,500	2,100	-	1,874,780,900	1,250,037	1,876,030,937	152,607,500	0.52	1,938,936,548
2019	24,051,500	1,713,009,200	127,004,700	521,800	10,123,500	2,100	-	1,874,712,800	1,326,546	1,876,039,346	151,071,800	0.52	1,918,523,996
2020	22,318,800	1,704,252,900	124,563,700	505,900	14,073,500	2,100	-	1,865,716,900	1,382,402	1,867,099,302	142,890,500	0.52	1,883,588,522
2021	22,803,600	1,697,602,100	122,993,400	506,400	14,073,500	2,100	-	1,857,981,100	1,428,181	1,859,409,281	142,578,700	0.45	1,823,998,116

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 of Assessed Value.

Source: Municipal Tax Assessor

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

Year Ended December 31,	Mendham Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional High School	Township of Mendham	Morris County	
2012	\$ 0.47	\$ 0.03	\$ 0.50	\$ 0.36	\$ 0.80	\$ 0.26	\$ 1.92
2013	0.49	0.03	0.52	0.36	0.80	0.26	1.94
2014	0.49	0.03	0.52	0.38	0.82	0.26	1.98
2015	0.52	0.03	0.55	0.39	0.83	0.26	2.03
2016	0.52	0.03	0.55	0.42	0.83	0.27	2.07
2017	0.52	0.03	0.55	0.44	0.81	0.27	2.07
2018	0.48	0.04	0.52	0.44	0.97	0.27	2.20
2019	0.48	0.04	0.52	0.45	1.00	0.27	2.23
2020	0.49	0.03	0.52	0.45	1.00	0.27	2.23
2021	0.42	0.03	0.45	0.57	0.94	0.25	2.21

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.

Source: Municipal Tax Collector and School Business Administrator

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

	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Shemy, LLC	\$ 8,445,900	0.45%	Woodland Lakes Inc.	\$ 8,135,000
Woodland Lakes, Inc.	8,148,000	0.43%	Mendham Golf & Tennis Club	5,942,800
Mendham Golf & Tennis Club	6,700,300	0.36%	Individual Taxpayer #1	5,770,400
Southeast Morris County MUA	4,870,100	0.26%	Individual Taxpayer #2	5,640,700
Individual Taxpayer #1	4,099,600	0.22%	Individual Taxpayer #3	5,124,500
Individual Taxpayer #2	3,985,300	0.21%	Individual Taxpayer #4	5,083,400
Hospitality Resources-Hillandale, LLC	3,950,000	0.21%	Individual Taxpayer #5	4,985,600
Desiree Farm, LLC	3,850,000	0.21%	Southeast Morris County MUA	4,640,300
Individual Taxpayer #3	3,800,000	0.20%	Individual Taxpayer #6	4,448,800
Individual Taxpayer #5	3,704,000	0.20%	Individual Taxpayer #7	4,353,600
Total	\$ 51,553,200	2.75%	Total	\$ 54,125,100
				2.87%

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 15,104,839	\$ 15,104,839	100.00 %	\$ - 0 -
2014	15,069,476	15,069,476	100.00 %	- 0 -
2015	15,347,864	15,347,864	100.00 %	- 0 -
2016	15,561,040	15,561,040	100.00 %	- 0 -
2017	15,548,343	14,691,462	94.49 %	856,881
2018	15,850,628	15,688,361	98.98 %	162,267
2019	15,951,402	15,951,402	100.00 %	- 0 -
2020	16,716,469	16,716,469	100.00 %	- 0 -
2021	17,578,259	17,578,259	100.00 %	- 0 -
2022	18,075,526	18,075,526	100.00 %	- 0 -

^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.

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases			
2013	\$ 9,350,000	\$ 163,571	\$ 9,513,571	2.02 %	\$ 1,615
2014	8,530,000	323,942	8,853,942	1.87 %	1,508
2015	7,655,000	406,646	8,061,646	1.64 %	1,379
2016	6,785,000	429,535	7,214,535	1.40 %	1,237
2017	5,840,000	480,576	6,320,576	1.19 %	1,089
2018	4,875,000	456,721	5,331,721	0.99 %	923
2019	3,885,000	332,986	4,217,986	0.75 %	736
2020	2,825,000	456,652	3,281,652	0.57 %	583
2021	1,765,000	563,244	2,328,244	0.38 %	388
2021	20,623,000	366,390	20,989,390	3.42 %	3,495

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.

Source: Mendham Township School District Financial records.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2013	\$ 9,350,000	\$ - 0 -	\$ 9,350,000	6.13 %	1,593
2014	8,530,000	- 0 -	8,530,000	5.59 %	1,459
2015	7,655,000	- 0 -	7,655,000	5.02 %	1,312
2016	6,785,000	- 0 -	6,785,000	4.45 %	1,169
2017	5,840,000	- 0 -	5,840,000	3.83 %	1,011
2018	4,875,000	- 0 -	4,875,000	3.19 %	851
2019	3,885,000	- 0 -	3,885,000	2.55 %	686
2020	2,825,000	- 0 -	2,825,000	1.87 %	502
2021	1,765,000	- 0 -	1,765,000	1.24 %	294
2022	20,623,000	- 0 -	20,623,000	14.46 %	3,434

^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.

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

Source: Mendham Township School District Financial records.

MENDHAM TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Mendham Township	\$ 13,344,702	100.00 %	\$ 13,344,702
Morris County General Obligation Debt	235,030,042	1.86 %	4,382,212
Subtotal, Overlapping Debt			17,726,914
Mendham Township School District Direct Debt			1,445,000
Total Direct and Overlapping Debt			<u>\$ 19,171,914</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Mendham Township. 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.

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

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 53,743,758	\$ 52,794,407	\$ 53,178,391	\$ 54,994,000	\$ 55,780,057
Total Net Debt Applicable to Limit	9,350,000	8,530,000	7,655,000	6,785,000	5,840,000
Legal Debt Margin	<u>\$ 44,393,758</u>	<u>\$ 44,264,407</u>	<u>\$ 45,523,391</u>	<u>\$ 48,209,000</u>	<u>\$ 49,940,057</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.40 %	16.16 %	14.39 %	12.34 %	10.47 %

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 58,352,525	\$ 58,094,857	\$ 57,446,330	\$ 56,366,487	\$ 56,165,664
Total Net Debt Applicable to Limit	4,875,000	3,885,000	2,825,000	1,765,000	20,623,000
Legal Debt Margin	<u>\$ 53,477,525</u>	<u>\$ 54,209,857</u>	<u>\$ 54,621,330</u>	<u>\$ 54,601,487</u>	<u>\$ 35,542,664</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.35 %	6.69 %	4.92 %	3.13 %	36.72 %

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized Valuation Basis	
2021	\$ 1,896,479,637
2020	1,829,492,940
2019	1,890,593,788
	<u>\$ 5,616,566,365</u>
Average Equalized Valuation of Taxable Property	\$ 1,872,188,788
Debt Limit ^a (3% of Average Equalization Value)	\$ 56,165,664
Net Bonded School Debt as of June 30, 2022	<u>20,623,000</u>
Legal Debt Margin	<u>\$ 35,542,664</u>

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Morris County Per Capita Personal Income ^c</u>	<u>Personal Income ^b</u>	<u>Unemployment Rate ^d</u>
2013	5,871	\$ 80,815	\$ 474,464,865	2.00%
2014	5,847	84,278	492,773,466	4.00%
2015	5,834	88,335	515,346,390	3.30%
2016	5,805	91,148	529,114,140	3.20%
2017	5,776	93,633	540,824,208	3.10%
2018	5,730	97,819	560,502,870	2.40%
2019	5,661	101,646	575,418,006	2.40%
2020	5,633	102,227	575,844,691	5.30%
2021	6,006	102,227 **	613,975,362 ***	3.90%
2022	6,006 *	102,227 **	613,975,362 ***	N/A

* - Latest population data available (2021) was used for calculation purposes.
 ** - Latest Morris County per capita personal income available (2020) was used for calculation purposes.
 *** - Latest available population data (2021) and latest available Morris County per capita personal income (2020) was used for calculation purposes.
 N/A - Information Unavailable.

Source:
^a Population information provided by the New Jersey Department of Labor and Workforce Development
^b Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development
^c Personal income has been estimated based upon the municipal population and per capita personal income presented
^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development

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

	2021		2012		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,516	4.00%	Novartis	6,200	2.25%
US Army Armament R&D	6,000	2.28%	Picatinny Arsenal	5,841	2.12%
Novartis	5,200	1.98%	Atlantic Health system	5,576	2.02%
Bayer	3,483	1.33%	ADP	1,947	0.71%
Barclays	3,000	1.14%	County of Morris	1,838	0.67%
Automatic Data Processing, Inc.	2,200	0.84%	Saint Clare's	1,662	0.60%
Accenture	2,009	0.76%	Wyndham Worldwide Corporation	1,546	0.56%
Deloitte & Touche	1,492	0.57%	BASF Corporation	1,500	0.54%
St. Clare's Health System	1,491	0.57%	Accenture	1,498	0.54%
County of Morris	1,438	0.55%	Chilton Memorial	1,440	0.52%
Total	36,829	14.02%		29,048	10.53%
Total County Labor Force	262,719			275,962	

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

Source: Morris County Treasurer's Office.

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

<u>Function/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	59.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	59.00
Special education	26.00	25.00	26.00	28.00	30.00	30.00	30.00	30.00	30.00	31.00
Other special education										
Other instruction	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Support Services:										
Student and Instruction Related Services	14.00	14.00	14.00	14.50	14.50	12.00	12.00	12.00	12.00	12.00
School Administrative Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
General Administrative Services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other Administrative Services	4.00	4.00	4.00							
Central Services	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00
Plant Operations and Maintenance	4.00	4.00	4.00	9.00	9.00	10.00	10.00	10.00	10.60	10.60
Pupil Transportation	28.00	28.00	28.50	28.50	28.50	27.00	27.00	27.00	27.00	27.00
Total	158.00	156.00	157.50	161.00	163.00	160.00	159.00	159.00	159.60	161.60

Source: Mendham Township School District records.

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	School				
2013	786	\$ 16,304,784	\$ 20,744	6.46 %	93	1:8.1	1:8.8	1:8.8	786	753	-5.98 %	95.80 %
2014	733	16,308,464	22,249	7.25 %	91	1:8.0	1:8.8	1:8.8	733	709	-6.74 %	96.73 %
2015	706	16,939,747	23,994	7.84 %	90	1:7.9	1:8.7	1:8.7	706	682	-3.68 %	96.60 %
2016	708	17,104,953	24,160	0.69 %	90	1:7.9	1:8.6	1:8.6	708	686	0.28 %	96.89 %
2017	698	17,401,002	24,930	3.19 %	90	1:8.0	1:8.6	1:8.6	698	682	-1.41 %	97.71 %
2018	697	18,605,580	26,694	7.08 %	88	1:7.9	1:8.0	1:8.0	697	684	-0.14 %	98.13 %
2019	697	19,233,842	27,595	3.38 %	88	1:7.9	1:8.0	1:8.0	697	685	0.00 %	98.28 %
2020	724	19,455,056	26,872	-2.62 %	88	1:8.5	1:7.8	1:7.8	724	711	3.87 %	98.20 %
2021	742	20,354,173	27,432	2.08 %	88	1:8.4	1:7.5	1:7.5	741	736	2.35 %	99.33 %
2022	784	23,193,777	29,584	7.85 %	90	1:8.7	1:7.2	1:7.2	781	774	5.40 %	99.10 %

^a Enrollment includes out of District special education placements.

^b Operating expenditures equal total expenditures less Debt Service and Capital Outlay.

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

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

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

Note: Enrollment based on annual October District count.

Source: Mendham Township School District records.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary										
Square Feet	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300
Capacity (Students)	695	695	695	695	695	695	695	695	695	695
Enrollment	447	447	331	362	348	363	382	409	429	429
Middle School										
Square Feet	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735
Capacity (Students)	548	548	548	548	548	548	548	548	548	548
Enrollment	456	456	375	346	350	334	315	315	313	313

Number of Schools at June 30, 2022

Elementary = 1

Middle School = 1

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

Source: Mendham Township School District Business Office.

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

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

School Facility	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary School	\$ 120,496	\$ 115,286	\$ 111,028	\$ 123,661	\$ 164,687	\$ 193,359	\$ 198,108	\$ 137,055	\$ 114,345	\$ 177,148
Middle School	100,630	119,819	134,668	200,897	178,107	245,847	237,980	137,070	114,357	184,379
	<u>\$ 221,126</u>	<u>\$ 235,105</u>	<u>\$ 245,696</u>	<u>\$ 324,558</u>	<u>\$ 342,794</u>	<u>\$ 439,206</u>	<u>\$ 436,088</u>	<u>\$ 274,125</u>	<u>\$ 228,702</u>	<u>\$ 361,527</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2022UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
School Package Policy:		
Property Section:		
Blanket Building and Contents (Pooled Coverage)	\$ 43,734,750	\$ 1,000
Boiler & Machinery, Extra Expense, Property in Transit	100,000,000	1,000
EDP Equipment/Media	750,000	1,000
Extra Expense	50,000,000	1,000
Valuable Papers	10,000,000	1,000
Equipment Breakdown	100,000,000	1,000
Casualty Coverage:		
General Liability	31,000,000	None
Automotive Liability	31,000,000	None
Employee Benefit Liability	31,000,000	1,000
Workers Compensation:		
Statutory Benefits	Included	
Crime:		
Fogery & Alteration	1,000,000	1,000
Money & Securities	100,000	500
Money Orders/Counterfeit	100,000	500
Including Faithful Performance	1,000,000	1,000
Environmental Impairment Liability:	1,000,000	10,000
School Leaders Errors and Omissions		
Coverage A	31,000,000	5,000
Coverage B	100,000/300,000	5,000
Student Accident Insurance		
Basic/Sports	5,000,000	
Catastrophic	500,000	
Philadelphia Insurance Group		
Cyberliability	1,000,000	15,000
Surety Bond Coverage - Hanover Insurance Company		
Business Administrator/Board Secretary	250,000	1,000
Treasurer of School Monies	250,000	1,000

Source: Mendham Township School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mendham, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 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 November 11, 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 designing 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 Township 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.

November 11, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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

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 Township School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of the Township of Mendham's (the "District's") compliance with the types of compliance requirements identified as subject to audit 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 federal and state programs.

The Honorable President and Members
of the Board of Education
Mendham Township 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 Township 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.

November 11, 2022
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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

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

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Expenditures	Paid to Grantor	Due to Grantor
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
ESEA Consolidated Grant:											
Title I - Part A	84.010A	ESEA-3100-18	7/1/17-6/30/18	\$ 104,366			\$ (65,768)			\$ 65,768	
Title I - Part A	84.010A	ESEA-3100-17	7/1/16-6/30/17	125,099			(105,851)			105,851	
Total Title I							(171,619)			171,619	
Title II - Part A	84.367A	ESEA-3100-22	7/1/21-6/30/22	16,863			\$ 16,863	\$ (16,863)			
Title II - Part A	84.367A	ESEA-3100-21	7/1/20-6/30/21	14,265	\$ (6,100)		6,100				
Title II - Part A	84.367A	ESEA-3100-17	7/1/16-6/30/17	9,703			(9,703)			9,703	
Total Title II					(6,100)		22,963	(16,863)		9,703	
Total ESEA Consolidated					(6,100)		22,963	(16,863)		181,322	
Special Education Cluster:											
IDEA Part B, Basic	84.027	IDEA-3100-22	7/1/21-9/30/22	163,321			163,321	(163,321)			
IDEA Part B, Preschool	84.173	IDEA-3100-22	7/1/21-9/30/22	9,168			9,168	(9,168)			
IDEA Part B, Basic	84.027	IDEA-3100-21	7/1/20-9/30/21	161,181	(161,181)		161,181				
IDEA Part B, Preschool	84.173	IDEA-3100-21	7/1/20-9/30/21	9,006	(9,006)		9,006			1,598	
IDEA Part B, Basic	84.027	IDEA-3100-17	7/1/16-6/30/17	149,338	(170,187)		342,676	(172,489)		1,598	
Total Special Education Cluster					(170,187)		342,676	(172,489)		1,598	
Total U.S. Department of Education					(176,287)		365,639	(189,352)		182,920	
U.S. Department of Homeland Security - Passed-through State Department of Emergency Management:											
General Fund:											
Disaster Grants - Public Assistance (FEMA):											
COVID-19 Pandemic	17.151	N/A	3/13/20-6/30/21	100,626			100,626	(100,626) *			
Total U.S. Department of Homeland Security							100,626	(100,626)			
Total Federal Financial Awards					\$ (176,287)	\$ -0-	\$ 466,265	\$ (289,978)	\$ -0-	\$ 182,920	\$ -0-
N/A - Not Available.											
* Expended in a Prior Year											

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Balance June 30, 2022		Memo
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	GAAP Accounts Receivable	Unearned Revenue	
State Department of Education:								
General Fund:								
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	\$ 13,957	\$ (1,266)	\$ 1,266			\$ 13,957
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	198,422	(18,001)	18,001			198,422
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	452,500	(41,050)	41,050			452,500
Extraordinary Special Education Aid	21-495-034-5120-044	7/1/20-6/30/21	386,880	(386,880)	386,880			386,880
Nonpublic Transportation	21-495-034-5120-014	7/1/20-6/30/21	19,435	(19,435)	19,435			19,435
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	495,110	(25,080)	25,080			495,110
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	13,957		12,662	\$ (13,957)	\$ (1,295)	13,957
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	198,422		180,017	(198,422)	(18,405)	198,422
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	640,145		580,764	(640,145)	(59,381)	640,145
Extraordinary Special Education Aid	22-495-034-5120-044	7/1/21-6/30/22	395,542			(395,542)	(395,542)	395,542
Nonpublic Transportation	22-495-034-5120-014	7/1/21-6/30/22	22,170			(22,170)	(22,170)	22,170
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	527,088		500,136	(527,088)	(26,952)	527,088
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	586,145		586,145	(586,145)		586,145
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	2,473,848		2,473,848	(2,473,848)		2,473,848
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	34,903		34,903	(34,903)		34,903
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	850		850	(850)		850
Total General Fund State Aid				(491,712)	4,861,037	(4,893,070)	(523,745)	6,459,374
State Department of Health:								
Special Revenue Fund:								
Anti-Bullying Bill of Rights Act - 2014	N/A	7/1/13-6/30/14	572		\$ 572	(572)		572
Anti-Bullying Bill of Rights Act - 2015	N/A	7/1/14-6/30/15	572		572	(572)		572
Anti-Bullying Bill of Rights Act - 2016	N/A	7/1/15-6/30/16	572		572	(572)		572
Total Special Revenue Fund					1,716	(1,716)		1,716
General Fund:								
COVID-19 Testing Reimbursement	N/A	3/13/20-6/30/21	31,634		31,634	(31,634)		31,634
State Reimbursement for Lead Testing of Drinking Water	N/A	3/13/20-6/30/21	8,730		8,730	(8,730)		8,730
Total General Fund					40,364	(40,364)		40,364
Total State Awards Subject to Single Audit Determination			\$ (491,712)	\$ 1,716	\$ 4,901,401	\$ (4,935,150)	\$ (523,745)	\$ 6,501,454
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	(586,145)				\$ 586,145	
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(2,473,848)				2,473,848	
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(34,903)				34,903	
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(850)				850	
Subtotal - On-Behalf TPAF Pension System Contributions							3,095,746	
Total State Awards Subject to Single Audit Major Program Determination							\$ (1,839,404)	

N/A - Not Applicable

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

MENDHAM TOWNSHIP 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 Township School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,764) for the General Fund and (\$1,237) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, respectively.

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

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	Federal	State	Total
General Fund	\$ 100,626	\$ 4,914,670	\$ 5,015,296
Special Revenue Fund	188,115	1,716	189,831
Total Financial Awards	\$ 288,741	\$ 4,916,386	\$ 5,205,127

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Mendham Township School District had no loans outstanding at June 30, 2022.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2022.

MENDHAM TOWNSHIP 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 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 Required by NJOMB 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on each of 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 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>State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
State Aid - Public:				
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 640,145	\$ 640,145
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	13,957	13,957

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 as federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

There were no prior year findings.