

**SCHOOL DISTRICT
OF THE
BOROUGH OF MENDHAM**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

Mendham Borough School District

Mendham, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Mendham Borough School District
Board of Education**

MENDHAM BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

November 7, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Mendham Borough School District (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

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

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

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

The major goal for the 2022-2023 school year budget was to maintain our quality educational programs, appropriately staff them, and provide resources required for a successful opening of schools while navigating the continued challenges presented as a result of the global pandemic, while meeting all state and federal requirements. All current programs have been maintained and class size has been kept at existing levels.

Major district initiatives include the following:

- Provide staff with ongoing professional learning tools, resources, and support to create personalized learning experiences for our students that meet their diverse needs while closely monitoring progress.
- Allocate resources for real and potential increases in special education costs.
- Provide a dynamic learning environment that leverages emerging and cutting-edge technology.
- Continue support for our expanded Mentoring Program.
- Develop safety management strategies/plans that improve safety and security including cybersecurity training in the district.
- Identify creative ways to recruit and retain staff.
- Expand the current school and district Social Emotional Learning (SEL) programs and initiatives.

The district has successfully managed our financial resources to keep pace with our facilities' maintenance and address priority capital improvements necessary to provide a safe, secure, and efficient educational environment for our students and staff. Among these capital projects are facility repairs & renovations that include the purchase of student furniture to maximize collaborative teaching and learning environments and technological advancements that consistently provide our students with a high level of experiential learning such as the renovation of the Industrial Arts Room and security upgrades including the districtwide re-keying project and fire alarm upgrades. The district continues to allocate funds to support the district's strategic plan, five-year curriculum plan, long-range facilities plan, professional development, and technology initiatives.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2023.

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

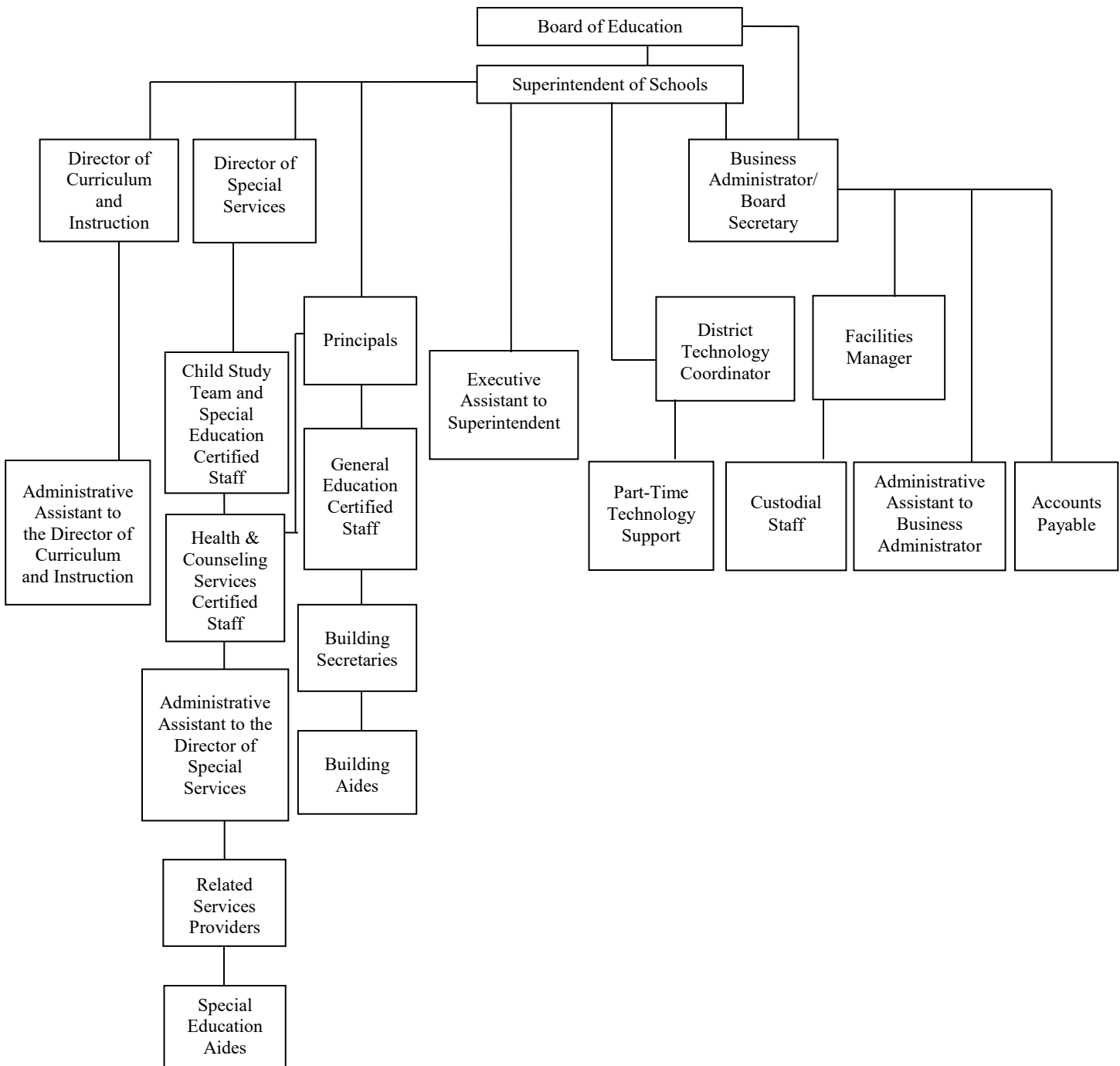
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

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

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

1110 ORGANIZATIONAL CHART



MENDHAM BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Catalina Wolfmeyer, President		2023
John Vitale, Vice President		2025
Dr. Barry Haines		2025
James Gillespie		2025
Stephen McLaud		2023
John Jennings		2023
Deborah D’Urso		2024
Cristin Adinolfi		2024
AnnMarie Hornyak		2024

<u>Other Officials</u>	<u>Title</u>
Mitzi Morillo	Superintendent
Felicia Kicinski	Business Administrator/Board Secretary (until May 31, 2023)
Elizabeth Moreland	Business Administrator/Board Secretary (from June 1, 2023)

MENDHAM BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorneys

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

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

Official Depository

Lakeland Bank
106 East Main Street
Mendham, NJ 07945

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mendham Borough School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 audit opinions.

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.

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.

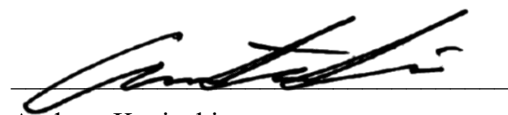
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 7, 2023 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 7, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Mendham Borough School District Management's Discussion and Analysis

This section of Mendham Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.

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

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

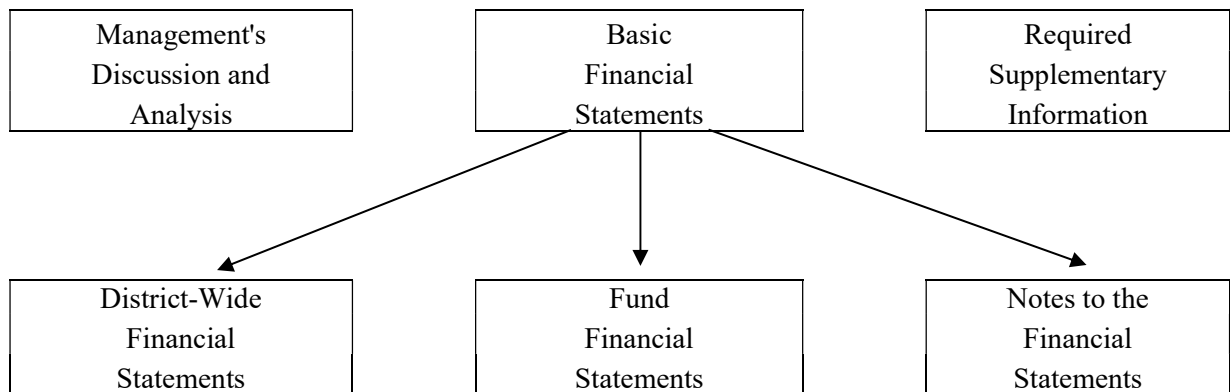


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, subscription assets, lease assets, or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

Mendham Borough School District Management's Discussion and Analysis

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

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

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

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a school's financial position.

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Current and							
Other Assets	\$ 8,321,463	\$ 7,516,646	\$ 30,521	\$ 31,899	\$ 8,351,984	\$ 7,548,545	
Capital Assets, Net	8,041,970	7,765,723	58,178	29,427	8,100,148	7,795,150	
Total Assets	16,363,433	15,282,369	88,699	61,326	16,452,132	15,343,695	7.22%
Deferred Outflows of Resources	498,108	454,626			498,108	454,626	9.56%
Other Liabilities	351,745	359,177	28,388	21,419	380,133	380,596	
Long-Term Liabilities	3,658,442	3,820,155			3,658,442	3,820,155	
Total Liabilities	4,010,187	4,179,332	28,388	21,419	4,038,575	4,200,751	-3.86%
Deferred Inflows of Resources	529,816	1,218,741			529,816	1,218,741	-56.53%
Net Position:							
Net Investment in							
Capital Assets	6,610,716	5,785,719	58,178	29,427	6,668,894	5,815,146	
Restricted	7,735,650	6,350,121			7,735,650	6,350,121	
Unrestricted/(Deficit)	(2,024,828)	(1,796,918)	2,133	10,480	(2,022,695)	(1,786,438)	
Total Net Position	\$ 12,321,538	\$ 10,338,922	\$ 60,311	\$ 39,907	\$ 12,381,849	\$ 10,378,829	19.30%

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of bonded and long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Changes in Net Position. Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense as well as excess revenues and unexpended budget balances in the General Fund. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

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

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

	Governmental Activities <u>2022/23</u>	Business-Type Activities <u>2022/23</u>	Total School District <u>2022/23</u>	Governmental Activities <u>2021/22</u>	Business-Type Activities <u>2021/22</u>	Total School District <u>2021/22</u>	Total Percentage Change <u>2022/23</u>
Revenue:							
Program Revenue:							
Charges for Services	\$ 395,463	\$ 203,661	\$ 599,124	\$ 170,708	\$ 26,305	\$ 197,013	
Operating Grants and Contributions	2,453,889		2,453,889	2,921,147	188,000	3,109,147	
General Revenue:							
Property Taxes	12,143,545		12,143,545	11,807,296		11,807,296	
Other	312,262	684	312,946	107,063	24	107,087	
Total Revenue	<u>15,305,159</u>	<u>204,345</u>	<u>15,509,504</u>	<u>15,006,214</u>	<u>214,329</u>	<u>15,220,543</u>	1.90%
Expenses:							
Instruction	7,433,169		7,433,169	7,571,160		7,571,160	
Pupil and Instruction Services	2,883,583		2,883,583	2,922,997		2,922,997	
Administrative and Business	1,337,005		1,337,005	1,180,626		1,180,626	
Maintenance and Operations	1,353,164		1,353,164	1,162,089		1,162,089	
Pupil Transportation	214,522		214,522	178,916		178,916	
Other	77,276	246,165	323,441	34,275	210,719	244,994	
Total Expenses	<u>13,298,719</u>	<u>246,165</u>	<u>13,544,884</u>	<u>13,050,063</u>	<u>210,719</u>	<u>13,260,782</u>	2.14%
Other Items:							
Capital Asset Contribution		38,400	38,400				100.00%
Transfers	<u>(23,824)</u>	<u>23,824</u>		<u>(6,674)</u>	<u>6,674</u>		
Increase/(Decrease) in Net Position	<u>\$ 1,982,616</u>	<u>\$ 20,404</u>	<u>\$ 2,003,020</u>	<u>\$ 1,949,477</u>	<u>\$ 10,284</u>	<u>\$ 1,959,761</u>	2.21%

Governmental Activities

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

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

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

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

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Figure A-5

	Net Cost of Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	<u>2022/23</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2021/22</u>
Instruction	\$ 7,433,169	\$ 5,122,793	\$ 7,571,160	\$ 5,123,037
Pupil and Instruction Services	2,883,583	2,403,098	2,922,997	2,336,631
Administrative and Business	1,337,005	1,337,005	1,180,626	1,180,626
Maintenance and Operations	1,353,164	1,353,164	1,162,089	1,162,089
Transportation	214,522	156,031	178,916	121,550
Other	77,276	77,276	34,275	34,275
	<u>\$ 13,298,719</u>	<u>\$ 10,449,367</u>	<u>\$ 13,050,063</u>	<u>\$ 9,958,208</u>

Business-Type Activities

Net position from the District’s business-type activity increased \$20,404 (Refer to Figure A-4). Factors contributing to these results are the capital contribution and transfer from the General Fund.

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

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

Capital Asset

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2022/23
	Government Activities		Business-Type Activities		Total School District		
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>	
Land	\$ 251	\$ 251			\$ 251	\$ 251	
Construction in Progress		319,240				319,240	
Site Improvements	627,410	654,530			627,410	654,530	
Buildings and Building Improvements	7,022,099	6,390,423			7,022,099	6,390,423	
Furniture, Machinery and Equipment	<u>392,210</u>	<u>401,279</u>	<u>\$ 58,178</u>	<u>\$ 29,427</u>	<u>450,388</u>	<u>430,706</u>	
Total Capital Assets (Net of Depreciation)	<u>\$ 8,041,970</u>	<u>\$ 7,765,723</u>	<u>\$ 58,178</u>	<u>\$ 29,427</u>	<u>\$ 8,100,148</u>	<u>\$ 7,795,150</u>	3.91%

The District's overall capital assets increased due to normal depreciation additions offset by expense. (More detailed information about the District's capital assets is presented in Note 7 to the financial statements.)

Figure A-7

	Outstanding Long-Term Liabilities		Percentage Change 2022/23
	<u>2022/23</u>	<u>2021/22</u>	
	Bonds Payable	\$ 1,465,000	
Unamortized Bond Premium	164,171	218,896	
Net Pension Liability	1,939,521	1,452,119	
Compensated Absences Payable	<u>89,750</u>	<u>124,140</u>	
	<u>\$ 3,658,442</u>	<u>\$ 3,820,155</u>	-4.23%

The District's long-term liabilities decreased \$161,713, or 4.23%, 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.)

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

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

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

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 100 Dean Road, Mendham, New Jersey 07945.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,533,690	\$ 21,138	\$ 1,554,828
Receivables from Other Governments:			
Federal	35,908		35,908
State	131,770		131,770
Other Accounts Receivable	108,340		108,340
Inventory		9,383	9,383
Restricted Cash and Cash Equivalents	6,511,755		6,511,755
Capital Assets, Net			
Sites (Land)	251		251
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	8,041,719	58,178	8,099,897
Total Assets	<u>16,363,433</u>	<u>88,699</u>	<u>16,452,132</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	33,746		33,746
Deferred Outflows Related to Pensions	464,362		464,362
Total Deferred Outflow of Resources	<u>498,108</u>		<u>498,108</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	14,650		14,650
Accounts Payable	242,172	21,138	263,310
Unearned Revenue	94,923	7,250	102,173
Noncurrent Liabilities:			
Due Within One Year	609,724		609,724
Due Beyond One Year	3,048,718		3,048,718
Total Liabilities	<u>4,010,187</u>	<u>28,388</u>	<u>4,038,575</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	529,816		529,816
Total Deferred Inflow of Resources	<u>529,816</u>		<u>529,816</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,610,716	58,178	6,668,894
Restricted for:			
Capital Projects	5,124,649		5,124,649
Excess Surplus	1,222,486		1,222,486
Unemployment Compensation	69,189		69,189
Student Activities	42,407		42,407
Maintenance	1,275,510		1,275,510
Debt Service	1,409		1,409
Unrestricted/(Deficit)	(2,024,828)	2,133	(2,022,695)
Total Net Position	<u>\$ 12,321,538</u>	<u>\$ 60,311</u>	<u>\$ 12,381,849</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 6,235,855	\$ 308,265	\$ 1,338,219	\$ (4,589,371)	\$	\$ (4,589,371)
Special Education	958,112		663,892	(294,220)		(294,220)
Other Instruction	239,202			(239,202)		(239,202)
Support Services:						
Tuition	375,085			(375,085)		(375,085)
Student & Instruction Related Services	2,508,498	87,198	393,287	(2,028,013)		(2,028,013)
General Administrative Services	466,092			(466,092)		(466,092)
School Administrative Services	498,015			(498,015)		(498,015)
Central Services	371,227			(371,227)		(371,227)
Administrative Information Technology	1,671			(1,671)		(1,671)
Plant Operations and Maintenance	1,353,164			(1,353,164)		(1,353,164)
Pupil Transportation	214,522		58,491	(156,031)		(156,031)
Interest on Long-Term Debt	15,408			(15,408)		(15,408)
Capital Outlay	61,868			(61,868)		(61,868)
Total Governmental Activities	<u>13,298,719</u>	<u>395,463</u>	<u>2,453,889</u>	<u>(10,449,367)</u>		<u>(10,449,367)</u>
Business-Type Activities:						
Food Service	246,165	203,661			\$ (42,504)	(42,504)
Total Business-Type Activities	<u>246,165</u>	<u>203,661</u>			<u>(42,504)</u>	<u>(42,504)</u>
Total Primary Government	<u>\$ 13,544,884</u>	<u>\$ 599,124</u>	<u>\$ 2,453,889</u>	<u>\$ (10,449,367)</u>	<u>(42,504)</u>	<u>(10,491,871)</u>

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue and Transfers:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 11,517,375		\$ 11,517,375
Taxes Levied for Debt Service	626,170		626,170
Investment Earnings	63,931	\$ 684	64,615
Miscellaneous Income	248,331		248,331
Transfers	(23,824)	23,824	
Total General Revenues and Transfers	12,431,983	24,508	12,456,491
Special Item - Capital Contribution from General Fund		38,400	38,400
Total General Revenues After Special Item	12,431,983	62,908	12,494,891
Change in Net Position	1,982,616	20,404	2,003,020
Net Position - Beginning	10,338,922	39,907	10,378,829
Net Position - Ending	\$ 12,321,538	\$ 60,311	\$ 12,381,849

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

FUND FINANCIAL STATEMENTS

MENDHAM BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,477,426	\$ 55,605	\$ 659	\$ 1,533,690
Interfund Receivable:				
General Fund			750	750
Receivables From Other Governments:				
Federal		35,908		35,908
State	131,770			131,770
Other Accounts Receivable	102,456	5,884		108,340
Restricted Assets - Cash and Cash Equivalents	6,469,348	42,407		6,511,755
Total Assets	\$ 8,181,000	\$ 139,804	\$ 1,409	\$ 8,322,213
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 68,398	\$ 3,774		\$ 72,172
Interfund Payable:				
Debt Service Fund	750			750
Unearned Revenue	1,300	93,623		94,923
Total Liabilities	70,448	97,397		167,845
Fund Balances:				
Restricted for:				
Capital Reserve Account	5,124,649			5,124,649
Maintenance Reserve Account	1,275,510			1,275,510
Excess Surplus - 2024-2025	650,000			650,000
Excess Surplus - 2023-2024	572,486			572,486
Unemployment Compensation	69,189			69,189
Student Activities		42,407		42,407
Debt Service			\$ 1,409	1,409
Assigned to:				
Other Purposes	94,594			94,594
Unassigned	324,124			324,124
Total Fund Balances	8,110,552	42,407	1,409	8,154,368
Total Liabilities and Fund Balances	\$ 8,181,000	\$ 139,804	\$ 1,409	\$ 8,322,213

MENDHAM BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

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

Total Fund Balances - Governmental Funds (Above)	\$ 8,154,368
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	8,041,970
Bond issuance premium is reported as revenue in the governmental funds in the year of the related expenditure.	(164,171)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(1,554,750)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(14,650)
Deferred amount on refunding is not reported as an expenditure in governmental funds in the year of the expenditure.	33,746
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,939,521)
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	294,362
Deferred Inflows	(529,816)
Net Position of Governmental Activities	<u>\$ 12,321,538</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 11,517,375			\$ 626,170	\$ 12,143,545
Tuition Charges	308,265				308,265
Transportation Fees From Individuals	8,232				8,232
Rents and Royalties	40,285				40,285
Interest Earned on Capital Reserve Funds	56,918				56,918
Interest Earned on Maintenance Reserve Funds	946				946
Restricted Miscellaneous Revenue	6,066	\$ 87,198			93,264
Unrestricted Miscellaneous Revenue	153,440	45,129	\$ 1,246		199,815
Total - Local Sources	12,091,527	132,327	1,246	626,170	12,851,270
State Sources	3,250,326	9,137			3,259,463
Federal Sources		294,691			294,691
Total Revenue	15,341,853	436,155	1,246	626,170	16,405,424
EXPENDITURES					
Current:					
Regular Instruction	3,957,878	103,158			4,061,036
Special Education Instruction	532,624	102,927			635,551
Other Instruction	92,021	122,238			214,259
Support Services and Undistributed Costs:					
Tuition	375,085				375,085
Student & Instruction Related Services	1,562,458	108,241			1,670,699
General Administrative Services	448,532				448,532
School Administrative Services	455,817				455,817
Central Services	278,329				278,329
Administrative Information Technology	1,263				1,263
Pupil Transportation	199,565				199,565
Plant Operations and Maintenance	1,149,715				1,149,715
Benefits - Allocated and Unallocated	4,608,944				4,608,944
Debt Service:					
Principal				560,000	560,000
Interest and Other Charges				66,350	66,350
Capital Outlay	836,673				836,673
Total Expenditures	14,498,904	436,564		626,350	15,561,818
Excess/(Deficiency) of Revenue over/ (under) Expenditures	842,949	(409)	1,246	(180)	843,606
OTHER FINANCING SOURCES/(USES)					
Transfers In	82,655			1,246	83,901
Transfers Out	(23,824)		(83,901)		(107,725)
Total Other Financing Sources/(Uses)	58,831		(83,901)	1,246	(23,824)
Net Change in Fund Balances	901,780	(409)	(82,655)	1,066	819,782
Fund Balance—July 1	7,208,772	42,816	82,655	343	7,334,586
Fund Balance—June 30	\$ 8,110,552	\$ 42,407	\$ - 0 -	\$ 1,409	\$ 8,154,368

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

MENDHAM BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	819,782
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation expense	\$ (498,558)
	Capital outlays	774,805
		276,247
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		34,390
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		560,000
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		7,467
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		54,725
The governmental funds report the effect of the deferred amount of refunding relative to an advance refunding when debt is first issued whereas this amount is deferred and amortized in the statement of activities.		(11,250)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(487,402)
Changes in Deferred Outflows and Inflows Related to Pensions		728,657
		276,247
Change in Net Position - Governmental Funds (Exhibit A-2)	\$	1,982,616

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 21,138
Inventories	9,383
	30,521
Total Current Assets	30,521
Capital Assets:	
Furniture and Equipment	219,131
Less: Accumulated Depreciation	(160,953)
	58,178
Total Capital Assets	58,178
Total Assets	88,699
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	21,138
Unearned Revenue - Prepaid Sales	7,250
	28,388
Total Liabilities	28,388
NET POSITION:	
Investment in Capital Assets	58,178
Unrestricted	2,133
	60,311
Total Net Position	\$ 60,311

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 203,661
Total Operating Revenue	<u>203,661</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	101,141
Salaries, Benefits & Payroll Taxes	91,716
Supplies, Insurance & Other Costs	3,727
Management Fee	21,029
Depreciation	9,649
Miscellaneous Expenses	18,903
Total Operating Expenses	<u>246,165</u>
Operating Loss	<u>(42,504)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	684
Total Non-Operating Revenue	<u>684</u>
Change in Net Position Before Capital Contributions	(41,820)
Board Contribution - General Fund	23,824
Capital Contribution from General Fund	<u>38,400</u>
Changes in Net Position After Capital Contributions	20,404
Net Position - Beginning of Year	<u>39,907</u>
Net Position - End of Year	<u><u>\$ 60,311</u></u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 205,906
Payments to Food Service Vendor	(222,087)
Payments to Suppliers	(8,688)
	(24,869)
Net Cash Used for Operating Activities	(24,869)
Cash Flows From Investing Activities:	
Local Sources	
Interest Income	684
State Sources:	
COVID-19 Seamless Summer Option	248
Federal Sources:	
COVID-19 Seamless Summer Option - Lunch	10,767
COVID-19 Seamless Summer Option - Snack Program	234
Board Contribution - General Fund	23,824
	35,757
Net Cash Provided by Investing Activities	35,757
Net Increase in Cash and Cash Equivalents	10,888
Cash and Cash Equivalents, July 1	10,250
Cash and Cash Equivalents, June 30	\$ 21,138
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (42,504)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	9,649
Changes in Assets and Liabilities:	
Decrease in Inventory	1,017
Increase in Accounts Payable	4,724
Increase in Unearned Revenue - Prepaid Sales	2,245
	(24,869)
Net Cash Used for Operating Activities	\$ (24,869)

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,349,091	\$ 425,932
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		10,223
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	30,550	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(37,788)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 15,341,853	\$ 436,155
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,498,904	\$ 426,341
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.		10,223
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 14,498,904	\$ 436,564

E. Cash and Cash Equivalents and Investments:

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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, 2023.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

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

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

L. Lease Assets:

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

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2023.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

Q. 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.

R. Subscription Payable:

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$8,110,552 General Fund fund balance at June 30, 2023, \$5,124,649 is restricted in the capital reserve account; \$1,275,510 is restricted in the maintenance reserve account; \$69,189 is restricted for unemployment compensation; \$572,486 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2024, \$650,000 is restricted as current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2025, \$94,594 is assigned for year end encumbrances, and \$324,124 is unassigned which is \$37,788 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2024.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2023 of \$42,407 is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2023 is \$ -0-.

Debt Service Fund: The Debt Service Fund restricted fund balance at June 30, 2023 is \$1,409, of which \$163 has been appropriated and included as anticipated revenue for the year ending June 30, 2024.

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

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

U. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2023 of \$2,024,828. This deficit primarily resulted from the net pension liability and related deferred inflows and outflows. The deficit in the governmental activities unrestricted net position does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 for the deferred amount on refunding of debt related to the District's refunding bonds and pensions.

The District had deferred inflows of resources related to pensions at June 30, 2023.

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, and subscription assets, net of accumulated depreciation reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position: (Cont'd)

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.

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund for year-end encumbrances at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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.

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Z. 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.

AA. 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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (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;
- (6) Local government investment pools
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above; or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 1,554,828	\$ 6,511,755	\$ 8,066,583
	\$ 1,554,828	\$ 6,511,755	\$ 8,066,583

During the period ended June 30, 2023 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$8,066,583 and the bank balance was \$8,208,388.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Mendham Board of Education by inclusion of \$150,000 on July 1, 1996 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2022	\$ 3,510,247
Increased by:	
Interest Earnings	56,918
Increased by Board Resolution	1,474,829
Unexpended Funds Returned from Capital Projects	82,655
Ending Balance, June 30, 2023	\$ 5,124,649

The June 30, 2023 Capital Reserve balance does not exceed the local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”).

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$20,000 was established by the Borough of Mendham Board of Education on June 18, 2008. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 1,274,564
Increased by:	
Interest Earnings	946
Ending Balance, June 30, 2023	\$ 1,275,510

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made no transfers to the capital outlay accounts, other than for equipment which did not need approval from the County Superintendent.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 251			\$ 251
Construction in Progress	319,240		\$ (319,240)	
Total Capital Assets Not Being Depreciated	<u>319,491</u>		<u>(319,240)</u>	<u>251</u>
Capital Assets Being Depreciated:				
Site Improvements	1,590,334	\$ 20,765		1,611,099
Buildings and Building Improvements	13,554,463	697,435	319,240	14,571,138
Machinery and Equipment	1,427,265	56,605		1,483,870
Total Capital Assets Being Depreciated	<u>16,572,062</u>	<u>774,805</u>	<u>319,240</u>	<u>17,666,107</u>
Governmental Activities Capital Assets	<u>16,891,553</u>	<u>774,805</u>		<u>17,666,358</u>
Less Accumulated Depreciation for:				
Site Improvements	(935,804)	(47,885)		(983,689)
Buildings and Building Improvements	(7,164,040)	(384,999)		(7,549,039)
Machinery and Equipment	(1,025,986)	(65,674)		(1,091,660)
	<u>(9,125,830)</u>	<u>(498,558)</u>		<u>(9,624,388)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,765,723</u>	<u>\$ 276,247</u>	<u>\$ - 0 -</u>	<u>\$ 8,041,970</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 180,731	\$ 38,400		\$ 219,131
Less Accumulated Depreciation	<u>(151,304)</u>	<u>(9,649)</u>		<u>(160,953)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,427</u>	<u>\$ 28,751</u>	<u>\$ - 0 -</u>	<u>\$ 58,178</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 229,336
Special Education Instruction	39,884
Other Instruction	4,986
Student and Instruction Related Services	94,726
General Administration	4,986
School Administration	24,928
Central Services	19,942
Operations and Maintenance of Plant	64,813
Pupil Transportation	14,957
	<u>\$ 498,558</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023	Due Within One Year
Bonds Payable	\$ 2,025,000		\$ 560,000	\$ 1,465,000	\$ 555,000
Compensated Absences Payable	124,140	\$ 15,250	49,640	89,750	
Unamortized Bond Premium	218,896		54,725	164,171	54,724
Net Pension Liability - PERS	1,452,119	487,402		1,939,521	
	<u>\$ 3,820,155</u>	<u>\$ 502,652</u>	<u>\$ 664,365</u>	<u>\$ 3,658,442</u>	<u>\$ 609,724</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2023 as follows:

Final Maturity Date	Serial Bonds Interest Rate	Amount
3/1/2026	3.00% - 4.00%	<u>\$ 1,465,000</u>

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2024	\$ 555,000	\$ 43,950	\$ 598,950
2025	540,000	27,300	567,300
2026	370,000	11,100	381,100
	<u>\$ 1,465,000</u>	<u>\$ 82,350</u>	<u>\$ 1,547,350</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds and business type activities in the current year. The long-term liability balance of compensated absences is \$89,750 for Governmental Activities and \$-0- for Business-type Activities. Compensated absences will be liquidated by the General Fund.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$1,939,521. See Note 9 for further information on the PERS.

E. Bond Premiums:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$54,724 and is separated from the long-term liability balance of \$109,447.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$165,360 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$4,081 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District's liability was \$1,939,521 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.01285%, which was an increase of 0.00055% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$79,188 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$4,081 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2018	5.63		\$ 46,623
	2019	5.21		58,262
	2020	5.16		171,322
	2021	5.13		14,216
	2022	5.04	\$ 6,009	
				<u>6,009</u>
Changes in Proportion	2018	5.63	48,440	
	2019	5.21		18,287
	2020	5.16	55,064	
	2021	5.13		208,761
	2022	5.04	90,575	
				<u>194,079</u>
Difference Between Expected and Actual Experience	2018	5.63		1,776
	2019	5.21	4,454	
	2020	5.16	9,545	
	2021	5.13		4,779
	2022	5.04		5,790
				<u>13,999</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	1,918	
	2020	5.00	57,656	
	2021	5.00	(359,620)	
	2022	5.00	380,321	
				<u>80,275</u>
Contribution Subsequent to Measurement Date	2022	1.00	170,000	
			<u>\$ 464,362</u>	<u>\$ 529,816</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (166,370)
2024	(84,760)
2025	(41,336)
2026	90,179
2027	(198)
	\$ (202,485)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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:	2.75 – 6.55% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,491,716	\$ 1,939,521	\$ 1,469,581

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more 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 2023, the State of New Jersey contributed \$1,760,548 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$579,525.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$21,533,447. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.0417%, which was an increase of 0.001% from its proportion measured as of June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	21,533,447
Total	<u>\$ 21,533,447</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$579,525 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21088845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 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, 2022		
	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	\$ 25,248,424	\$ 21,533,447	\$ 18,404,046

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 \$1,221 for the year ended June 30, 2023. Employee contributions to DCRP amounted to \$1,568 for the year ended June 30, 2023.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

Selected financial information for HIF and NJSIG as of June 30, 2023 was not available at the time of audit. Selected financial information as of June 30, 2022 is as follows:

	<u>New Jersey Schools Insurance Group</u>	<u>School Health Insurance Fund</u>
Total Assets	\$ 419,556,712	\$ 177,555,942
Net Position	\$ 184,982,708	\$ 119,187,031
Total Revenue	\$ 134,563,842	\$ 432,454,946
Total Expenses	\$ 121,403,370	\$ 426,163,433
Change in Net Position	\$ 13,160,472	\$ 6,291,513
Members Dividends	\$ -0-	\$ -0-

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 12,061	\$ 5,995	\$ 69,189
2021-2022	-0-	11,327	-0-	63,123
2020-2021	-0-	10,145	340	51,796

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 750
Debt Service Fund	\$ 750	
	<u>\$ 750</u>	<u>\$ 750</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

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

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2023, encumbrances in the governmental funds were:

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 94,594	\$ 10,796	\$ 105,390

On the District’s Governmental Funds Balance Sheet as of June 30, 2023, \$94,594 is assigned for year-end encumbrances in the General Fund and \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$10,796 less than the actual year-end encumbrances on a budgetary basis. Encumbrances in the Special Revenue Fund are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2023 were:

	General Fund	Special Revenue Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Total Business Type Activities
Vendors	\$ 64,229	\$ 3,774	\$ 68,003		\$ 68,003	\$ 21,138
Payroll Deductions and Withholdings	4,169		4,169		4,169	
Due to State of NJ				\$ 170,000	170,000	
	\$ 68,398	\$ 3,774	\$ 72,172	\$ 170,000	\$ 242,172	\$ 21,138

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Plan Description and Benefits Provided (Cont'd)

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 through June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 23,458,270
Changes for Year:	
Service Cost	1,186,020
Interest Cost	517,176
Changes of Benefit Terms	
Differences Between Expected and Actual Experiences	84,798
Changes in Assumptions	(5,235,147)
Member Contributions	16,434
Gross Benefit Payments	(512,278)
Net Changes	(3,942,997)
Balance at June 30, 2022	\$ 19,515,273

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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
	Total OPEB Liability Attributable to the District	\$ 22,938,151	\$ 19,515,273

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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 16,130,566	\$ 19,515,273	\$ 23,961,291

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$549,666 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,013,254
	2018	9.51		966,932
	2019	9.29	\$ 136,517	
	2020	9.24	3,223,209	
	2021	9.24	17,874	
	2022	9.13		4,661,747
			<u>3,377,600</u>	<u>6,641,933</u>
Differences between Expected and Actual Experience	2018	9.51		914,052
	2019	9.29		1,606,803
	2020	9.24	3,004,157	
	2021	9.24		3,437,383
	2022	9.13	480,093	
				<u>3,484,250</u>
Changes in Proportion	N/A	N/A	<u>46,540</u>	<u>1,151,117</u>
			<u>\$ 6,908,390</u>	<u>\$ 13,751,288</u>

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (969,917)
2024	(969,917)
2025	(969,918)
2026	(838,252)
2027	(479,324)
Thereafter	(1,510,993)
	\$ (5,738,321)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0090659034%	0.0095749628%	0.0107134771%	0.0116706384%	0.0135899404%	0.0132423440%	0.0138265972%	0.0122577928%	0.0128518500%
District's proportionate share of the net pension liability	\$ 1,697,385	\$ 2,149,387	\$ 3,173,025	\$ 2,716,738	\$ 2,675,792	\$ 2,386,069	\$ 2,254,756	\$ 1,452,119	\$ 1,939,521
District's covered employee payroll	\$ 739,333	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665	\$ 924,610
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	229.58%	292.68%	410.57%	303.15%	290.80%	255.80%	263.33%	170.30%	209.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 74,738	\$ 82,319	\$ 72,452	\$ 110,568	\$ 136,417	\$ 129,731	\$ 151,256	\$ 143,553	\$ 162,068
Contributions in relation to the contractually required contribution	(74,738)	(82,319)	(72,452)	(110,568)	(136,417)	(129,731)	(151,256)	(143,553)	(162,068)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665	\$ 924,610	\$ 941,509
Contributions as a percentage of covered employee payroll	10.18%	10.65%	8.08%	12.02%	14.62%	15.15%	17.74%	15.53%	17.21%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.0447867418%	0.0432440200%	0.0459372055%	0.0438244037%	0.0447639504%	0.0387182528%	0.0389502856%	0.0406923023%	0.0417360033%
State's proportionate share of the net pension liability attributable to the District	\$ 23,937,056	\$ 27,332,067	\$ 36,137,131	\$ 29,547,993	\$ 28,477,864	\$ 23,761,757	\$ 25,648,294	\$ 19,562,901	\$ 21,533,447
District's covered employee payroll	\$ 4,445,641	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787	\$ 4,755,417	\$ 5,233,514
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	538.44%	620.16%	791.18%	741.66%	710.93%	524.10%	544.57%	411.38%	411.45%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 1,288,038	\$ 1,668,869	\$ 2,715,203	\$ 2,046,935	\$ 1,660,160	\$ 1,401,532	\$ 1,594,920	\$ 460,234	\$ 579,525
Contributions in relation to the contractually required contribution	(233,793)	(367,791)	(475,702)	(436,105)	(761,494)	(854,329)	(1,182,876)	(1,718,129)	(1,760,548)
Contribution deficiency/(excess)	\$ 1,054,245	\$ 1,301,078	\$ 2,239,501	\$ 1,610,830	\$ 898,666	\$ 547,203	\$ 412,044	\$ (1,257,895)	\$ (1,181,023)
District's covered employee payroll	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787	\$ 4,755,417	\$ 5,233,514	\$ 5,381,943
Contributions as a percentage of covered employee payroll	29.23%	8.05%	11.94%	10.89%	16.80%	18.14%	24.87%	32.83%	32.71%

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

MENDHAM BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 915,717	\$ 754,727	\$ 655,720	\$ 728,850	\$ 1,428,795	\$ 1,186,020
Interest Cost	700,101	808,159	741,239	594,491	608,532	517,176
Changes of Benefit Terms					(24,968)	
Differences Between Expected and Actual Experiences		(2,246,924)	(3,411,274)	4,601,577	(4,972,536)	84,798
Changes in Assumptions	(2,957,943)	(2,150,609)	245,739	4,906,235	23,143	(5,235,147)
Member Contributions	18,814	17,320	14,997	14,173	15,557	16,434
Gross Benefit Payments	(510,941)	(501,124)	(505,929)	(467,595)	(479,353)	(512,278)
Net Change in Total OPEB Liability	(1,834,252)	(3,318,451)	(2,259,508)	10,377,731	(3,400,830)	(3,942,997)
Total OPEB Liability - Beginning	23,893,580	22,059,328	18,740,877	16,481,369	26,859,100	23,458,270
Total OPEB Liability - Ending	\$ 22,059,328	\$ 18,740,877	\$ 16,481,369	\$ 26,859,100	\$ 23,458,270	\$ 19,515,273
District's Covered Employee Payroll *	\$ 5,340,344	\$ 4,880,244	\$ 4,925,895	\$ 5,466,579	\$ 5,566,022	\$ 5,608,082
Total OPEB Liability as a Percentage of Covered Employee Payroll	413%	384%	335%	491%	421%	348%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021, and 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, and 2021 census data.

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 11,517,375		\$ 11,517,375	\$ 11,517,375	
Tuition From Individuals	80,000		80,000	308,265	\$ 228,265
Transportation Fees From Individuals	8,000		8,000	8,232	232
Rents and Royalties	17,940		17,940	40,285	22,345
Unrestricted Miscellaneous Revenues	24,060		24,060	153,440	129,380
Interest Earned on Maintenance Reserve	360		360	946	586
Interest Earned on Capital Reserve Funds	1,700		1,700	56,918	55,218
Other Restricted Miscellaneous Revenues				6,066	6,066
Total Revenues from Local Sources	11,649,435		11,649,435	12,091,527	442,092
Revenues from State Sources:					
Categorical Transportation Aid	47,259		47,259	47,259	
Extraordinary Aid				100,680	100,680
Categorical Special Education Aid	411,369		411,369	411,369	
Nonpublic Transportation Aid				11,232	11,232
Categorical Security Aid	35,667		35,667	35,667	
TPAF Post Retirement Contributions (Non-Budgeted)				468,908	468,908
TPAF Pension Contributions (Non-Budgeted)				1,760,548	1,760,548
TPAF Non-Contributory Insurance (Non-Budgeted)				24,426	24,426
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,013	1,013
Reimbursed TPAF Social Security Contributions	494,295		494,295	396,462	396,462
Total Revenues from State Sources	12,143,730		12,143,730	3,257,564	2,763,269
TOTAL REVENUE			12,143,730	15,349,091	3,205,361

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 163,790	\$ (44,999)	\$ 118,791	\$ 118,145	\$ 646
Kindergarten - Salaries of Teachers	283,285	(5,555)	277,730	277,730	
Grades 1-5 - Salaries of Teachers	1,569,904	20,251	1,590,155	1,581,205	8,950
Grades 6-8 - Salaries of Teachers	1,572,539	22,239	1,594,778	1,582,756	12,022
Regular Programs - Home Instruction:					
Salaries of Teachers		1,815	1,815	1,815	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	15,000	(1,660)	13,340	8,258	5,082
Purchased Professional-Educational Services	11,500	6,445	17,945	17,651	294
Other Purchased Services (400-500 series)	99,550	9,905	109,455	106,460	2,995
General Supplies	312,989	(20,273)	292,716	263,858	28,858
Textbooks	1,106		1,106		1,106
Total Regular Programs - Instruction	4,029,663	(11,832)	4,017,831	3,957,878	59,953
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	568,355	(90,859)	477,496	402,454	75,042
Other Salaries for Instruction	117,969	21,091	139,060	125,891	13,169
General Supplies	4,551		4,551	2,928	1,623
Total Resource Room/Resource Center	690,875	(69,768)	621,107	531,273	89,834
Home Instruction:					
Salaries of Teachers	3,600		3,600	1,351	2,249
Total Home Instruction	3,600		3,600	1,351	2,249
TOTAL SPECIAL EDUCATION - INSTRUCTION	694,475	(69,768)	624,707	532,624	92,083

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$	2,138	\$ 2,138	\$ 2,138	
Total Basic Skills/Remedial - Instruction		2,138	2,138	2,138	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 51,069	7,470	58,539	41,944	\$ 16,595
Supplies and Materials	700	(300)	400	138	262
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	51,769	7,170	58,939	42,082	16,857
School-Sponsored Athletics - Instruction:					
Salaries	39,293	430	39,723	34,318	5,405
Supplies and Materials	11,108	2,550	13,658	13,483	175
Total School-Sponsored Athletics - Instruction	50,401	2,980	53,381	47,801	5,580
TOTAL INSTRUCTION	4,826,308	(69,312)	4,756,996	4,582,523	174,473
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	126,537	17,030	143,567	138,336	5,231
Tuition to Priv. Sch. for the Handicap. W/I State	424,699	(71,440)	353,259	236,749	116,510
Total Undistributed Expenditures - Instruction	551,236	(54,410)	496,826	375,085	121,741
Undistributed Expenditures - Health Services:					
Salaries	152,295	3,500	155,795	153,495	2,300
Purchased Professional and Technical Services	6,000	511	6,511	6,056	455
Supplies and Materials	2,949	1,049	3,998	3,300	698
Total Undist. Expenditures - Health Services	161,244	5,060	166,304	162,851	3,453
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	73,275		73,275	68,400	4,875
Purchased Professional - Educational Services	126,452	9,700	136,152	82,005	54,147
Supplies and Materials	550		550	394	156
Total Undist. Expend. - Speech, OT, PT, Related Svcs	200,277	9,700	209,977	150,799	59,178

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 25,905	\$ 2,000	\$ 27,905	\$ 27,905	
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>25,905</u>	<u>2,000</u>	<u>27,905</u>	<u>27,905</u>	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	147,160		147,160	147,160	
Salaries of Secretarial and Clerical Assistants	66,820	371	67,191	67,191	
Other Purchased Prof. and Tech. Services	5,260	(5,260)			
Supplies and Materials	2,000		2,000	1,586	\$ 414
Other Objects	525	(19)	506	485	21
Total Undist. Expend. - Guidance	<u>221,765</u>	<u>(4,908)</u>	<u>216,857</u>	<u>216,422</u>	<u>435</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	336,733	4,439	341,172	332,971	8,201
Salaries of Secretarial and Clerical Assistants	44,541		44,541	44,541	
Purchased Professional - Educational Services	17,830	23,896	41,726	17,986	23,740
Other Purchased Prof. and Tech. Services	1,766		1,766	1,766	1,766
Other Purchased Services (400-500 series)	1,150		1,150	189	961
Supplies and Materials	4,104		4,104	2,490	1,614
Other Objects	710	(25)	685	335	350
Total Undist. Expend. - Child Study Team	<u>406,834</u>	<u>28,310</u>	<u>435,144</u>	<u>398,512</u>	<u>36,632</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	142,065	65,772	207,837	207,837	
Salaries of Other Professional Staff	8,250	(4,230)	4,020	4,020	
Other Salaries	4,540	(1,374)	3,166	3,166	
Supplies and Materials	300	(33)	267	267	
Other Objects	1,205	(648)	557	557	
Total Undist. Expend. - Improv. of Inst. Serv.	<u>156,360</u>	<u>59,487</u>	<u>215,847</u>	<u>215,847</u>	

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 146,841	\$ 1,694	\$ 148,535	\$ 148,535	
Salaries of Technology Coordinators	108,947		108,947	108,947	
Other Purchased Services (400-500 series)	165,149	(1,160)	163,989	123,427	\$ 40,562
Supplies and Materials	5,660		5,660	3,229	2,431
Other Objects	600		600	600	
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>427,197</u>	<u>534</u>	<u>427,731</u>	<u>384,738</u>	<u>42,993</u>
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	6,500	(859)	5,641	5,384	257
Supplies and Materials	1,800	(1,800)			
Total Undist.Expend.-Instructional Staff Training Services	<u>8,300</u>	<u>(2,659)</u>	<u>5,641</u>	<u>5,384</u>	<u>257</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	224,046	2,900	226,946	226,752	194
Legal Services	36,000	4,221	40,221	40,221	
Audit Fees	54,100	1,000	55,100	27,050	28,050
Other Purchased Professional Services	4,600	(3,476)	1,124	1,095	29
Purchased Technical Services		3,250	3,250	3,246	4
Communications / Telephone	9,500	487	9,987	6,926	3,061
BOE Other Purchased Services	7,000	2,094	9,094	7,661	1,433
Other Purch. Serv. (400-500 series other than 530 & 585)	40,000	(11,460)	28,540	28,540	
General Supplies	5,027	(2,025)	3,002	2,159	843
BOE In-house training/ Meeting Supplies	2,012		2,012	1,810	202
Judgments Against The School District		100,000	100,000	84,603	15,397
Miscellaneous Expenditures	15,500	3,010	18,510	18,469	41
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>397,785</u>	<u>100,001</u>	<u>497,786</u>	<u>448,532</u>	<u>49,254</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	304,415	6,629	311,044	311,044	
Salaries of Secretarial and Clerical Assistants	102,800	4,015	106,815	106,815	
Other Purchased Services (400-500 series)	750	450	1,200	1,152	48
Supplies and Materials	32,324	3,109	35,433	33,607	1,826
Other Objects	3,300	170	3,470	3,199	271
Total Undist. Expend.-Support Serv.-School Adm.	<u>443,589</u>	<u>14,373</u>	<u>457,962</u>	<u>455,817</u>	<u>2,145</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 244,817	\$ (18,649)	\$ 226,168	\$ 219,984	\$ 6,184
Purchased Professional Services	33,698	14,555	48,253	47,201	1,052
Miscellaneous Purchased Services (400-500 series other than 594)	3,300	(550)	2,750	1,435	1,315
Supplies and Materials	7,100	4,080	11,180	8,394	2,786
Other Objects	4,300	(2,985)	1,315	1,315	
Total Undist. Expend. - Central Services	<u>293,215</u>	<u>(3,549)</u>	<u>289,666</u>	<u>278,329</u>	<u>11,337</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	1,800	3,500	5,300	1,263	4,037
Total Undist. Expend. - Admin. Info. Technology	<u>1,800</u>	<u>3,500</u>	<u>5,300</u>	<u>1,263</u>	<u>4,037</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	28,745		28,745	27,200	1,545
Cleaning, Repair, and Maintenance Services	391,463	(6,300)	385,163	264,554	120,609
Lead Testing of Drinking Water	5,100	1,300	6,400	3,832	2,568
General Supplies	30,000		30,000	5,831	24,169
Other Objects	1,000		1,000	632	368
Total Undist. Expend.- Required Maint. for School Facilities	<u>456,308</u>	<u>(5,000)</u>	<u>451,308</u>	<u>302,049</u>	<u>149,259</u>
Undist. Expend.-Custodial Services:					
Salaries	376,524	(20,000)	356,524	336,493	20,031
Purchased Professional and Technical Services	3,000		3,000		3,000
Cleaning, Repair, and Maintenance Services	21,250		21,250	18,217	3,033
Other Purchased Property Services	113,432	(80,050)	33,382	24,990	8,392
Insurance	60,000	3,300	63,300	63,200	100
Miscellaneous Purchased Services	1,500		1,500		1,500
General Supplies	81,033	(20,000)	61,033	45,804	15,229
Energy (Natural Gas)	97,425		97,425	47,604	49,821
Energy (Electricity)	159,779	1	159,780	125,016	34,764
Other Objects	2,000		2,000		2,000
Total Undist. Expend.-Custodial Services	<u>915,943</u>	<u>(116,749)</u>	<u>799,194</u>	<u>661,324</u>	<u>137,870</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 99,864	\$ 5,000	\$ 104,864	\$ 63,674	\$ 41,190
General Supplies	5,000		5,000		5,000
Total Care And Upkeep Of Grounds	<u>104,864</u>	<u>5,000</u>	<u>109,864</u>	<u>63,674</u>	<u>46,190</u>
Security:					
Salaries	67,225		67,225	65,125	2,100
Purchased Professional and Technical Services	49,470	265	49,735	37,781	11,954
General Supplies	37,154	(265)	36,889	19,762	17,127
Total Security	<u>153,849</u>		<u>153,849</u>	<u>122,668</u>	<u>31,181</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>1,630,964</u>	<u>(116,749)</u>	<u>1,514,215</u>	<u>1,149,715</u>	<u>364,500</u>
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	37,500	2,767	40,267	31,682	8,585
Contract. Serv.(Bet. Home & Sch.)-Vendors		3,183	3,183		3,183
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	33,000		33,000	8,821	24,179
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	88,000		88,000	86,167	1,833
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAAs	198,000	(25,950)	172,050	72,895	99,155
Total Undist. Expend.-Student Trans. Serv.	<u>356,500</u>	<u>(20,000)</u>	<u>336,500</u>	<u>199,565</u>	<u>136,935</u>
UNALLOCATED BENEFITS					
Social Security Contributions	120,000	(14,585)	105,415	104,795	620
Other Retirement Contributions - PERS	155,000	11,000	166,000	165,360	640
Workers Compensation	77,500		77,500	77,295	205
Health Benefits	1,533,622	64,496	1,598,118	1,545,485	52,633
Tuition Reimbursement	20,000	(4,000)	16,000	5,841	10,159
Other Employee Benefits	100,000	(26,317)	73,683	58,811	14,872
Unused Sick Payment to Terminated/Retired Staff	25,000		25,000		25,000
TOTAL UNALLOCATED BENEFITS	<u>2,031,122</u>	<u>30,594</u>	<u>2,061,716</u>	<u>1,957,587</u>	<u>104,129</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 468,908	\$ 468,908	\$ (468,908)
TPAF Pension Contributions (Non-Budgeted)			1,760,548	1,760,548	(1,760,548)
TPAF Non-Contributory Insurance (Non-Budgeted)			24,426	24,426	(24,426)
TPAF Long-Term Disability Insurance (Non-Budgeted)			1,013	1,013	(1,013)
Reimbursed TPAF Social Security Contributions			396,462	396,462	(396,462)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>2,651,357</u>	<u>2,651,357</u>	<u>(2,651,357)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,031,122	\$ 30,594	\$ 2,061,716	4,608,944	(2,547,228)
TOTAL UNDISTRIBUTED EXPENDITURES	7,314,093	51,284	7,365,377	9,079,708	(1,714,331)
TOTAL GENERAL CURRENT EXPENSE	12,140,401	(18,028)	12,122,373	13,662,231	(1,539,858)
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Undistributed Expenditures - Instruction	475,605		475,605	269,136	206,469
Undistributed Expenditures - Admin. Info. Tech.		4,204	4,204		4,204
Undist. Expend. - Security	80,000		80,000		80,000
Total Equipment	555,605	4,204	559,809	269,136	290,673
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		41,535	41,535	41,535	
Construction Services	521,088	20,765	541,853	492,539	49,314
Supplies and Materials	410,000	(62,300)	347,700		347,700
Assessment for Debt Service on SDA Funding	33,463		33,463	33,463	
Total Facilities Acquisition and Const. Serv.	964,551		964,551	567,537	397,014
TOTAL CAPITAL OUTLAY	1,520,156	4,204	1,524,360	836,673	687,687
TOTAL EXPENDITURES	13,660,557	(13,824)	13,646,733	14,498,904	(852,171)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,516,827)	13,824	(1,503,003)	850,187	2,353,190

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfers to Cover Deficit (Enterprise Fund)	\$ (10,000)	\$ (13,824)	\$ (23,824)	\$ (23,824)	
Capital Reserve - Transfer from Capital Projects - Unexpended Balances				82,655	\$ 82,655
Total Other Financing Sources/(Uses)	<u>(10,000)</u>	<u>(13,824)</u>	<u>(23,824)</u>	<u>58,831</u>	<u>(82,655)</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,526,827)		(1,526,827)	909,018	2,435,845
Fund Balance, July 1	7,239,322		7,239,322	7,239,322	
Fund Balance, June 30	<u>\$ 5,712,495</u>	<u>\$ -0-</u>	<u>\$ 5,712,495</u>	<u>\$ 8,148,340</u>	<u>\$ 2,435,845</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 650,000	
Excess Surplus - Restricted For 2024-2025				572,486	
Excess Surplus - Restricted For 2023-2024				5,124,649	
Capital Reserve				1,275,510	
Maintenance Reserve				69,189	
Unemployment Compensation					
Assigned Fund Balance:					
Year End Encumbrances				94,594	
Unassigned Fund Balance				<u>361,912</u>	
				<u>8,148,340</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(37,788)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,110,552</u>	

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 44,849	\$ 44,849	\$ 132,047	\$ 87,198
State Sources		18,370	18,370	9,137	(9,233)
Federal Sources	\$ 436,765	129,198	565,963	284,748	(281,215)
Total Revenues	436,765	192,417	629,182	425,932	(203,250)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	75,000	(6,569)	68,431	36,497	31,934
Purchased Professional and Technical Services	31,874	(25,874)	6,000	6,000	
Other Purchased Services		22,949	22,949	22,949	
Tuition	58,400	44,527	102,927	102,927	
General Supplies	37,080	25,382	62,462	45,203	17,259
Total Instruction	202,354	60,415	262,769	213,576	49,193
Support Services:					
Salaries of Other Professional Staff		5,683	5,683	5,683	
Purchased Professional and Technical Services	98,000	38,084	136,084	93,232	42,852
Other Purchased Services	25,204	(4,204)	21,000	21,000	
Supplies and Materials		6,848	6,848	5,243	1,605
Student Activities		87,607	87,607	87,607	
Total Support Services	123,204	134,018	257,222	212,765	44,457
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	111,207	(1,607)	109,600		109,600
Total Facilities Acquisition and Construction Services	111,207	(1,607)	109,600		109,600
Total Expenditures	\$ 436,765	\$ 192,826	\$ 629,591	\$ 426,341	\$ 203,250
Deficit of Revenue Under Expenditures	\$ -0-	\$ (409)	\$ (409)	\$ (409)	\$ -0-

MENDHAM BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 15,349,091	\$ 425,932
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances and Revenue whereas the GAAP Basis does not.		
Prior Year Encumbrances		21,019
Current Year Encumbrances		(10,796)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	30,550	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(37,788)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,341,853</u>	<u>\$ 436,155</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,498,904	\$ 426,341
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.		<u>10,223</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,498,904</u>	<u>\$ 436,564</u>

MENDHAM BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SDA Emergent Capital and Maintenance Needs	Basic	I.D.E.A. Part B Preschool	ARP I.D.E.A. Part B Preschool	Elementary and Secondary Education Act Title II - Part A
REVENUES:					
Local Sources	2,481				
State Sources		\$ 114,462	\$ 6,089	\$ 1,762	\$ 16,003
Federal Sources					
Total Revenues	2,481	114,462	6,089	1,762	16,003
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition		102,927			
General Supplies	2,481				
Total Instruction	2,481	102,927			
Support Services:					
Salaries of Other Professional Staff					4,603
Purchased Professional and Technical Services		11,535	846	1,762	11,400
Other Purchased Services					
Supplies and Materials			5,243		
Student Activities					
Total Support Services		11,535	6,089	1,762	16,003
Total Expenditures	2,481	\$ 114,462	\$ 6,089	\$ 1,762	\$ 16,003

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP					
	ESSER II	Learning Acceleration	Mental Health	ESSER III	Learning Acceleration	Summer Learning and Enrichment	Comprehensive Beyond the School Day	Mental Health Support Staffing
REVENUES:								
Local Sources								
State Sources								
Federal Sources	\$ 8,739	\$ 2,271	\$ 40,500	\$ 7,500	\$ 35,430	\$ 22,599	\$ 15,213	\$ 14,180
Total Revenues	8,739	2,271	40,500	7,500	35,430	22,599	15,213	14,180
EXPENDITURES:								
Instruction:								
Salaries of Teachers		900				20,384	15,213	
Purchased Professional and Technical Services								
Other Purchased Services								
Tuition		1,371		7,500	30,080	2,215		
General Supplies								
Total Instruction		2,271		7,500	30,080	22,599	15,213	
Support Services:								
Salaries of Other Professional Staff			1,080					
Purchased Professional and Technical Services	8,739		39,420		5,350			14,180
Other Purchased Services								
Supplies and Materials								
Student Activities								
Total Support Services	8,739		40,500		5,350			14,180
Total Expenditures	\$ 8,739	\$ 2,271	\$ 40,500	\$ 7,500	\$ 35,430	\$ 22,599	\$ 15,213	\$ 14,180

MENDHAM BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Local Grants	Climate Awareness Education	Student Activities	Totals
REVENUES:				
Local Sources	\$ 44,849		\$ 87,198	\$ 132,047
State Sources		\$ 6,656		9,137
Federal Sources				284,748
Total Revenues	44,849	6,656	87,198	425,932
EXPENDITURES:				
Instruction:				
Salaries of Teachers				36,497
Purchased Professional and Technical Services		6,000		6,000
Other Purchased Services	22,949			22,949
Tuition				102,927
General Supplies	900	656		45,203
Total Instruction	23,849	6,656		213,576
Support Services:				
Salaries of Other Professional Staff				5,683
Purchased Professional and Technical Services				93,232
Other Purchased Services	21,000			21,000
Supplies and Materials				5,243
Student Activities			87,607	87,607
Total Support Services	21,000		87,607	212,765
Total Expenditures	\$ 44,849	\$ 6,656	\$ 87,607	\$ 426,341

CAPITAL PROJECTS FUND

MENDHAM BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue:	
Interest Income	\$ 1,246
	<hr/>
Total Revenue	1,246
	<hr/>
Deficit of Revenues Under	
Expenditures	1,246
	<hr/>
Other Financing Uses:	
Transfers Out:	
Debt Service Fund	(1,246)
	<hr/>
Total Other Financing Uses	(1,246)
	<hr/>
Deficit of Revenues Under Expenditures and	
Other Financing Uses	-0-
	<hr/>
Fund Balance - Beginning of Year	82,655
	<hr/>
Fund Balance - End of Year	\$ 82,655
	<hr/> <hr/>

MENDHAM BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HILLTOP ELEMENTARY MASONRY REPAIR/ WINDOW REPAIR/REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 127,696		\$ 127,696	\$ 127,696
Transfer from Capital Reserve Account	274,199	\$ (82,655)	191,544	191,544
Total Revenue and Other Financing Sources	401,895	(82,655)	319,240	319,240
Expenditures				
Purchased Professional and Technical Services	25,365		25,365	25,365
Construction Services	293,875		293,875	293,875
Total Expenditures	319,240		319,240	319,240
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 82,655	\$ (82,655)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	3090-050-14-1001			
Grant Date	3/28/2014			
Original Authorized Cost	\$ 456,998			
Revised Authorized Cost	\$ 319,240			
Percentage Decrease from Original Authorized Cost	30.14%			
Percentage Completion	100.00%			
Original Target Completion Date	9/2014			
Revised Target Completion Date	Not Applicable			

PROPRIETARY FUNDS

MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 21,138
Inventories	9,383
	9,383

Total Current Assets	30,521
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Capital Assets:

Furniture and Equipment	219,131
Less: Accumulated Depreciation	(160,953)
	(160,953)

Total Capital Assets	58,178
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Total Assets	88,699
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	21,138
Unearned Revenue - Prepaid Sales	7,250
	7,250

Total Liabilities	28,388
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NET POSITION:

Investment in Capital Assets	58,178
Unrestricted	2,133
	2,133

Total Net Position	\$ 60,311
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MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 203,661
Total Operating Revenue	<u>203,661</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	101,141
Salaries, Benefits & Payroll Taxes	91,716
Supplies, Insurance & Other Costs	3,727
Management Fee	21,029
Depreciation Expense	9,649
Miscellaneous Expenses	18,903
Total Operating Expenses	<u>246,165</u>
Operating Loss	<u>(42,504)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	684
Total Non-Operating Revenue	<u>684</u>
Change in Net Position Before Capital Contributions	(41,820)
Board Contribution - General Fund	23,824
Capital Contribution from General Fund	<u>38,400</u>
Changes in Net Position After Capital Contributions	20,404
Net Position - Beginning of Year	<u>39,907</u>
Net Position - End of Year	<u>\$ 60,311</u>

MENDHAM BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 205,906
Payments to Food Service Vendor	(222,087)
Payments to Suppliers	(8,688)
Net Cash Used for Operating Activities	<u>(24,869)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	684
Board Contribution - General Fund	23,824
State Sources:	
COVID-19 Seamless Summer Option	248
Federal Sources:	
COVID-19 Seamless Summer Option - Lunch	10,767
COVID-19 Seamless Summer Option - Snack Program	234
Net Cash Provided by Noncapital Financing Activities	<u>35,757</u>
Net Increase in Cash and Cash Equivalents	10,888
Cash and Cash Equivalents, July 1	<u>10,250</u>
Cash and Cash Equivalents, June 30	<u>\$ 21,138</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (42,504)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	9,649
Changes in Assets and Liabilities:	
Decrease in Inventory	1,017
Increase in Accounts Payable	4,724
Increase in Unearned Revenue - Prepaid Sales	2,245
Net Cash Used for Operating Activities	<u>\$ (24,869)</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2022	Matured	Balance June 30, 2023
			Date	Amount	Outstanding June 30, 2023				
2014 Series Refunding Bonds	12/02/2014	\$ 6,075,000	3/1/2024	\$ 555,000		3.000%	\$ 2,025,000	\$ 560,000	\$ 1,465,000
			3/1/2025	540,000		3.000%			
			3/1/2026	370,000		3.000%			
							\$ 2,025,000	\$ 560,000	\$ 1,465,000
							<u>\$ 2,025,000</u>	<u>\$ 560,000</u>	<u>\$ 1,465,000</u>

MENDHAM BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 626,170	\$ 626,170	\$ 626,170	
Total Revenue	626,170	626,170	626,170	
EXPENDITURES:				
Regular Debt Service:				
Interest	66,350	66,350	66,350	
Redemption of Principal	560,000	560,000	560,000	
Total Regular Debt Service	626,350	626,350	626,350	
Total Expenditures	626,350	626,350	626,350	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(180)	(180)	(180)	
Other Financing Sources:				
Capital Projects Fund - Interest Earned			1,246	\$ 1,246
Total Other Financing Sources	-0-	-0-	1,246	1,246
Excess/(Deficit) of Revenues and Other Financing Source Over/(Under) Expenditures	(180)	(180)	1,066	1,246
Fund Balance, July 1	343	343	343	-0-
Fund Balance, June 30	\$ 163	\$ 163	\$ 1,409	\$ 1,246
<u>Recapitulation:</u>				
Restricted			\$ 1,246	
Restricted for Subsequent Year's Expenditures			163	
			\$ 1,409	

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s annual comprehensive 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 annual comprehensive financial report for the relevant year.

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,939,282	\$ 3,533,362	\$ 3,874,760	\$ 3,806,897	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,916,936	\$ 5,785,719	\$ 6,610,716
Restricted	1,208,453	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396	6,350,121	7,735,650
Unrestricted/(Deficit)	(1,794,337)	(2,312,981)	(2,314,846)	(1,890,873)	(2,544,616)	(2,658,641)	(2,583,465)	(1,990,887)	(1,796,918)	(2,024,828)
Total Governmental Activities Net Position	\$ 1,353,398	\$ 2,276,873	\$ 2,871,379	\$ 3,625,440	\$ 2,980,331	\$ 4,354,350	\$ 6,479,805	\$ 8,389,445	\$ 10,338,922	\$ 12,321,538
Business-Type Activities:										
Investment in Capital Assets	\$ 21,729	\$ 20,416	\$ 8,591	\$ 3,899	\$ 8,004	\$ 3,442	\$ 2,981	\$ 29,380	\$ 29,427	\$ 58,178
Unrestricted/(Deficit)	(959)	1,688	(3,702)	5,691	8,004	3,442	2,981	243	10,480	2,133
Total Business-Type Activities Net Position	\$ 20,770	\$ 22,104	\$ 4,889	\$ 9,590	\$ 8,004	\$ 3,442	\$ 2,981	\$ 29,623	\$ 39,907	\$ 60,311
District-Wide:										
Net Investment in Capital Assets	\$ 1,961,011	\$ 3,553,778	\$ 3,883,351	\$ 3,810,796	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,946,316	\$ 5,815,146	\$ 6,668,894
Restricted	1,208,453	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396	6,350,121	7,735,650
Unrestricted/(Deficit)	(1,795,296)	(2,311,293)	(2,318,548)	(1,885,182)	(2,536,612)	(2,655,199)	(2,580,484)	(1,990,644)	(1,786,438)	(2,022,695)
Total District Net Position	\$ 1,374,168	\$ 2,298,977	\$ 2,876,268	\$ 3,635,030	\$ 2,988,335	\$ 4,357,792	\$ 6,482,786	\$ 8,419,068	\$ 10,378,829	\$ 12,381,849

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,869,654	\$ 5,751,753	\$ 6,312,295	\$ 7,045,914	\$ 6,549,367	\$ 6,030,871	\$ 5,389,382	\$ 5,961,641	\$ 6,340,840	\$ 6,235,855
Special Education	925,829	916,686	1,205,337	1,317,990	1,343,679	1,383,381	1,128,171	1,119,347	1,120,201	958,112
School-Sponsored/Other Instruction	107,527	89,683	84,762	98,615	122,234	96,801	333,048	304,963	110,119	239,202
Support Services:										
Tuition	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035	375,085
Student & Instruction Related Services	1,522,972	1,861,931	2,003,160	2,121,192	2,211,466	2,476,396	1,925,112	2,154,932	2,568,962	2,508,498
General Administrative Services	476,372	441,942	347,787	361,196	419,805	394,511	445,427	523,991	361,254	466,092
School Administrative Services	500,426	491,406	532,630	531,481	516,622	467,142	538,138	580,809	438,633	498,015
Central Services	235,687	244,826	240,447	259,776	269,513	262,176	389,235	410,513	379,868	371,227
Administrative Information Technology										871
Plant Operations and Maintenance	1,031,072	1,211,672	1,089,433	1,174,984	2,737,757	1,458,203	1,405,620	1,025,181	1,162,089	1,353,164
Pupil Transportation	257,778	240,034	276,940	324,340	313,428	213,450	107,389	115,054	178,916	214,522
Capital Outlay	33,463		40,062	153,459	90,542	165,306	33,463	52,184		61,868,000
Interest on Long-Term Debt	311,544	160,746	193,975	170,575	145,392	116,642	87,892	59,142	34,275	15,408
Total Governmental Activities Expenses	10,854,366	12,118,769	13,035,101	14,240,231	15,311,923	13,613,194	12,152,760	12,678,251	13,050,063	13,298,719
Business-Type Activities:										
Food Service	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573	246,165
Total Business-type Activities Expense	163,459	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573	246,165
Total District Expenses	\$ 11,017,825	\$ 12,267,177	\$ 13,217,778	\$ 14,413,279	\$ 15,490,497	\$ 13,802,390	\$ 12,283,159	\$ 12,730,080	\$ 13,260,636	\$ 13,544,884
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 50,000	\$ 54,165	\$ 16,265	\$ 15,000	\$ 33,260	\$ 61,700	\$ 51,550	\$ 35,633	\$ 113,467	\$ 308,265
Student Activities								21,664	57,241	87,198
Operating Grants and Contributions	1,422,571	2,580,280	3,038,132	3,990,648	3,395,325	3,501,453	2,604,945	2,902,464	2,921,147	2,453,889
Total Governmental Activities Program Revenues	1,472,571	2,634,445	3,054,397	4,005,648	3,428,585	3,563,153	2,656,495	2,959,761	3,091,855	2,849,352
Business-Type Activities:										
Charges for Services:										
Food Service	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233	26,159	203,661
Operating Grants and Contributions									188,000	
Total Business-type Activities Program Revenues	144,663	138,880	158,666	159,386	159,846	169,233	114,337	30,233	214,159	203,661
Total District Program Revenues	\$ 1,617,234	\$ 2,773,325	\$ 3,213,063	\$ 4,165,034	\$ 3,588,431	\$ 3,732,386	\$ 2,770,832	\$ 2,989,994	\$ 3,306,014	\$ 3,053,013

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (9,381,795)	\$ (9,484,324)	\$ (9,980,704)	\$ (10,234,583)	\$ (11,883,338)	\$ (10,050,041)	\$ (9,496,265)	\$ (9,718,490)	\$ (9,958,208)	\$ (10,449,367)
Business-type Activities	(18,796)	(9,528)	(24,011)	(13,662)	(18,728)	(19,963)	(16,062)	(21,596)	3,586	(42,504)
Total District-wide Net Expense	\$ (9,400,591)	\$ (9,493,852)	\$ (10,004,715)	\$ (10,248,245)	\$ (11,902,066)	\$ (10,070,004)	\$ (9,512,327)	\$ (9,740,086)	\$ (9,954,622)	\$ (10,491,871)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,890,779	\$ 9,328,709	\$ 9,691,287	\$ 10,192,738	\$ 10,396,593	\$ 10,603,863	\$ 10,710,570	\$ 10,936,410	\$ 11,155,138	\$ 11,517,375
Taxes Levied for Debt Service	934,744	925,144	830,250	737,485	773,082	744,700	715,048	685,044	652,158	626,170
Federal and State Aid not Restricted	2,789	1,773	2,101	5,166	5,511	6,267	11,275	11,895	16,681	63,931
Investment Earnings	102,925	30,008	58,442	63,255	68,001	75,459	189,754	43,013	90,382	248,331
Miscellaneous Income		(5,531)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(48,232)	(6,674)	(23,824)
Transfers										
Total Governmental Activities	\$ 9,931,237	\$ 10,407,799	\$ 10,575,210	\$ 10,988,644	\$ 11,238,229	\$ 11,424,060	\$ 11,621,720	\$ 11,628,130	\$ 11,907,685	\$ 12,431,983
Business-Type Activities:										
Investment Earnings	\$ 20,210	\$ 7,581	\$ 7,059	\$ 8,363	\$ 12,184	\$ 9,172	\$ 10,670	\$ 6	\$ 24	\$ 684
Miscellaneous Income		5,531	6,870	10,000	4,958	6,229	4,927	48,232	6,674	23,824
Transfers		13,112	13,929	18,363	17,142	15,401	15,601	48,238	6,698	24,508
Total Business-Type Activities	20,210	13,112	13,929	18,363	17,142	15,401	15,601	48,238	6,698	24,508
Total District-Wide General Revenue	9,951,447	10,420,911	10,589,139	11,007,007	11,255,371	11,439,461	11,637,321	11,676,368	11,914,383	12,456,491
Governmental Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment	(2,737,432)	(2,250)	(7,133)							
Business-Type Activities:										
Special Item- Capital Assets										
Reappraisal Adjustment										
Total Special Items	(2,737,432)	(2,250)	(7,133)							
Change in Net Position:										
Governmental Activities	(2,187,990)	923,475	594,506	754,061	(645,109)	1,374,019	2,125,455	1,909,640	1,949,477	1,982,616
Business-type Activities	1,414	1,334	(17,215)	4,701	(1,586)	(4,562)	(461)	26,642	10,284	20,404
Total District	\$ (2,186,576)	\$ 924,809	\$ 577,291	\$ 758,762	\$ (646,695)	\$ 1,369,457	\$ 2,124,994	\$ 1,936,282	\$ 1,959,761	\$ 2,003,020

Source: School District Financial Reports

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 1,208,453	\$ 987,127	\$ 1,241,732	\$ 1,709,416	\$ 1,981,046	\$ 2,987,411	\$ 4,333,686	\$ 5,413,180	\$ 6,306,962	\$ 7,691,834
Assigned	172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345	94,594
Unassigned	308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465	324,124
Total General Fund	\$ 1,689,451	\$ 1,320,743	\$ 1,555,421	\$ 2,076,730	\$ 2,367,608	\$ 3,336,656	\$ 4,785,611	\$ 6,452,610	\$ 7,208,772	\$ 8,110,552
All Other Governmental Funds:										
Restricted	\$ 160	\$ 69,365	\$ 69,733	\$ 1,050	\$ 1,584	\$ 3,058	\$ 46,898	\$ 50,216	\$ 43,159	\$ 43,816
Committed, Reported in:										
Capital Projects Fund		82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655
Total All Other Governmental Funds	\$ 160	\$ 152,020	\$ 152,388	\$ 83,705	\$ 84,239	\$ 85,713	\$ 129,553	\$ 132,871	\$ 125,814	\$ 43,816
Governmental Funds:										
Restricted	\$ 1,208,613	\$ 1,056,492	\$ 1,311,465	\$ 1,710,466	\$ 1,982,630	\$ 2,990,469	\$ 4,380,584	\$ 5,463,396	\$ 6,350,121	\$ 7,735,650
Assigned	172,650	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345	94,594
Committed		82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655
Unassigned	308,348	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465	324,124
Total Governmental Funds	\$ 1,689,611	\$ 1,472,763	\$ 1,707,809	\$ 2,160,435	\$ 2,451,847	\$ 3,422,369	\$ 4,915,164	\$ 6,585,481	\$ 7,334,586	\$ 8,154,368

Source: School District Financial Reports

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

	For the Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 9,825,523	\$ 10,253,853	\$ 10,521,537	\$ 10,930,223	\$ 11,169,675	\$ 11,348,563	\$ 11,425,618	\$ 11,621,454	\$ 11,807,296	\$ 12,143,545
Tuition Charges	50,000	54,165	16,265	15,000	33,260	61,700	51,550	35,633	113,467	308,265
Interest Earnings	2,789	1,773	2,101	5,166	5,511	6,267	8,402	8,142	5,354	57,865
Miscellaneous	125,327	30,008	58,863	88,626	77,863	79,383	185,108	75,929	158,950	341,595
State Sources	1,208,107	1,481,852	1,545,732	1,624,233	1,859,540	1,941,380	1,931,432	2,411,032	3,114,481	3,259,463
Federal Sources	192,062	171,879	190,901	101,543	154,201	237,056	182,248	193,602	238,454	294,691
Total Revenue	11,403,808	11,993,530	12,335,399	12,764,791	13,300,050	13,674,349	13,784,338	14,345,792	15,438,002	16,405,424
Expenditures:										
Instruction										
Regular Instruction	3,478,733	3,558,438	3,402,854	3,461,867	3,635,841	3,274,789	3,322,806	3,574,941	3,924,200	4,061,036
Special Education Instruction	669,484	539,080	648,494	634,961	729,483	760,311	679,389	655,410	660,130	635,551
School-Sponsored/Other Instruction	101,356	86,519	83,324	91,520	114,834	96,801	78,168	43,049	84,388	214,259
Support Services:										
Tuition	582,042	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035	375,085
Student & Instruction Related Services	1,074,382	1,180,869	1,218,774	1,193,356	1,214,041	1,324,064	1,479,421	1,421,521	1,614,893	1,670,699
General Administrative Services	331,894	363,180	320,775	326,380	370,769	363,978	365,927	428,378	344,000	448,532
School Administrative Services	386,198	402,728	513,695	477,036	407,860	411,265	409,170	439,363	395,565	455,817
Central Services	736,752	637,244	232,780	241,502	254,455	253,079	276,946	266,216	291,908	278,329
Administrative Information Technology								2,791	687	1,263
Pupil Transportation	257,778	244,992	276,940	324,340	313,428	213,450	107,389	110,948	165,036	199,565
Plant Operations and Maintenance	187,767	207,771	699,059	818,254	910,251	1,001,140	794,541	803,714	1,004,905	1,149,715
Allocated and Unallocated Benefits	2,402,383	2,565,870	3,026,671	2,912,626	3,117,393	3,164,653	3,201,198	3,615,968	4,422,885	4,608,944
Capital Outlay	387,125	849,214	131,594	332,764	569,757	541,053	589,169	242,679	766,141	836,673
Debt Service:										
Principal	615,000	640,000	585,000	585,000	575,000	575,000	575,000	575,000	570,000	560,000
Interest and Other Charges	319,744	220,852	245,250	221,850	198,450	169,700	140,950	112,200	83,450	66,350
Total Expenditures	11,530,638	12,204,847	12,093,483	12,302,165	13,003,680	12,697,598	12,389,957	12,662,672	14,682,223	15,561,818
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(126,830)	(211,317)	241,916	462,626	296,370	976,751	1,394,401	1,683,120	755,779	843,606
Other Financing Sources/(Uses):										
Serial Bonds Issued		\$ 6,075,000								
Bond Premium		656,691								
Serial Bonds Defeased		(6,515,000)								
Bond Issuance Costs		(81,699)								
Deferred Amount on Refunding		(134,992)								
Transfers In	\$ 35	274,366	\$ 368	\$ 682	\$ 902	\$ 1,474	\$ 1,292	\$ 180	\$ 163	\$ 83,901
Transfers Out	(35)	(279,897)	(7,238)	(10,682)	(5,860)	(7,703)	(6,219)	(12,983)	(6,837)	(107,725)
Total Other Financing Sources/(Uses)	(126,830)	(5,551)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(12,803)	(6,674)	(23,824)
Net Change in Fund Balances	\$ (126,830)	\$ (216,848)	\$ 235,046	\$ 452,626	\$ 291,412	\$ 970,522	\$ 1,389,474	\$ 1,670,317	\$ 749,105	\$ 819,782
Debt Service as a Percentage of Noncapital Expenditures	8.4%	7.6%	6.9%	6.7%	6.2%	6.1%	6.1%	5.5%	4.7%	4.3%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 2,754	\$ 50,000	\$ 16,542	\$ 86,383	\$ 155,679
2015	1,773	54,165	11,933	11,255	79,126
2016	1,733	16,265	20,575	37,867	76,440
2017	4,484	15,000	18,974	44,281	82,739
2018	4,609	33,260	16,910	51,091	105,870
2019	5,363	61,700	23,449	52,010	142,522
2020	9,983	51,550	19,875	84,548	165,956
2021	11,715	35,633	11,000	32,013	90,361
2022	5,354	113,467	17,965	38,271	175,057
2023	160,187	308,265	40,285	65,415	574,152

Source: Mendham Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	\$ 7,771,700	\$ 1,097,277,400	\$ 66,897,700	\$ 397,100	\$ 105,202,000	\$ 2,342,200	\$ 1,279,888,100	\$ 123,773,600	\$ 2,287,733	\$ 1,282,175,833	0.76	\$ 1,356,943,415
2014	8,207,800	1,100,795,200	66,843,500	400,500	103,997,100	2,342,200	1,282,586,300	124,763,600	1,927,735	1,284,514,035	0.78	1,361,837,683
2015	9,745,800	1,097,432,700	69,620,400	403,900	102,337,700	2,342,200	1,281,882,700	124,865,000	1,927,735	1,283,810,435	0.81	1,403,066,919
2016	9,704,800	1,096,676,700	69,686,700	403,900	102,337,700	2,342,200	1,281,152,000	125,425,900	1,954,098	1,283,106,098	0.84	1,370,993,717
2017	9,704,800	1,096,803,000	69,563,800	403,900	101,655,100	2,342,200	1,280,472,800	124,867,500	1,939,588	1,282,412,388	0.87	1,377,174,538
2018	8,769,000	1,098,793,700	69,130,000	351,800	101,575,300	2,342,200	1,280,962,000	125,379,300	2,007,273	1,282,969,973	0.88	1,377,413,257
2019	8,306,100	1,095,646,700	65,860,900	348,400	100,209,700	2,342,200	1,272,714,000	130,379,300	2,123,156	1,274,837,156	0.87	1,363,844,456
2020	8,110,700	1,095,960,000	63,823,500	348,300	98,555,600	2,342,200	1,269,140,300	131,042,600	2,123,156	1,271,263,456	0.91	1,367,265,859
2021	7,036,400	1,088,589,100	63,228,100	548,000	98,368,300	2,342,200	1,260,112,100	131,044,800	2,390,052	1,262,502,152	0.94	1,314,880,091
2022	7,606,900	1,089,356,100	65,850,100	366,400	97,853,700	2,342,200	1,263,375,400	131,226,000	2,333,706	1,265,709,106	0.95	1,371,561,973

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Mendham Borough School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	West Morris Regional High School	Municipal Open Space	Mendham Borough	Morris County	
2013	\$ 0.69	\$ 0.07	\$ 0.76	\$ 0.49	\$ 0.01	\$ 0.43	\$ 0.27	\$ 1.96
2014	0.65	0.06	0.78	0.45	0.01	0.44	0.27	1.95
2015	0.75	0.06	0.81	0.53	0.01	0.44	0.27	2.07
2016	0.78	0.06	0.84	0.57	0.01	0.46	0.27	2.15
2017	0.77	0.10	0.87	0.56	0.01	0.47	0.28	2.19
2018	0.78	0.10	0.88	0.58	0.01	0.48	0.28	2.22
2019	0.78	0.09	0.87	0.61	0.01	0.49	0.28	2.26
2020	0.82	0.09	0.91	0.62	0.01	0.50	0.28	2.31
2021	0.85	0.09	0.94	0.62	0.01	0.52	0.27	2.35
2022	0.84	0.08	0.95	0.64	0.01	0.52	0.28	2.39

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

	2022	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
V-Fee Realty	\$ 22,611,800	1.79%
Shemy LLC	9,347,300	0.74%
Escada LLC	8,564,900	0.68%
Holly Manor	8,558,600	0.68%
Roxiticus Golf Club	8,003,500	0.63%
Individual Taxpayer #1	5,652,500	0.45%
Individual Taxpayer #2	5,201,800	0.41%
Individual Taxpayer #3	5,000,000	0.40%
Individual Taxpayer #4	4,779,200	0.38%
Individual Taxpayer #5	4,396,300	0.35%
Total	\$ 82,115,900	6.49%

	2013	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 9,825,523	\$ 9,825,523	100.00%	-0-
2015	10,253,853	10,253,853	100.00%	-0-
2016	10,521,537	10,521,537	100.00%	-0-
2017	10,930,223	10,930,223	100.00%	-0-
2018	11,169,675	11,169,675	100.00%	-0-
2019	11,348,543	11,348,543	100.00%	-0-
2020	11,425,618	11,425,618	100.00%	-0-
2021	11,621,454	11,621,454	100.00%	-0-
2022	11,807,296	11,807,296	100.00%	-0-
2023	12,143,545	12,143,545	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Total District	Percentage of Personal Income ^a	Per Capita ^a
2014	\$ 7,145,000	\$ 7,145,000	1.70%	1,435
2015	6,065,000	6,065,000	1.38%	1,223
2016	5,480,000	5,480,000	1.21%	1,108
2017	4,895,000	4,895,000	1.06%	994
2018	4,320,000	4,320,000	0.91%	882
2019	3,745,000	3,745,000	0.78%	773
2020	3,170,000	3,170,000	0.64%	656
2021	2,595,000	2,595,000	0.48%	522
2022	2,025,000	2,025,000	0.38%	408
2023	1,465,000	1,465,000	0.27%	295

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 7,145,000	\$ -0-	\$ 7,145,000	0.557%	\$ 1,435
2015	6,065,000	-0-	6,065,000	0.473%	1,223
2016	5,480,000	-0-	5,480,000	0.427%	1,108
2017	4,895,000	-0-	4,895,000	0.381%	994
2018	4,320,000	-0-	4,320,000	0.337%	882
2019	3,745,000	-0-	3,745,000	0.292%	773
2020	3,170,000	-0-	3,170,000	0.249%	656
2021	2,595,000	-0-	2,595,000	0.204%	522
2022	2,025,000	-0-	2,025,000	0.160%	408
2023	1,465,000	-0-	1,465,000	0.116%	295

Source: School District Financial Reports

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

MENDHAM BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mendham Borough	\$ 889,237	100.00%	\$ 889,237
West Morris Regional High School District Debt (Borough Share)	4,160,000	15.89%	661,152
Morris County General Obligation Debt (Borough Share)	253,387,955	1.40%	<u>3,541,478</u>
Subtotal, Overlapping Debt			5,091,867
Mendham Borough School District Direct Debt			<u>1,465,000</u>
Total Direct and Overlapping Debt			<u>\$ 6,556,867</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis
2022	\$ 1,420,959,847
2021	1,363,610,107
2020	1,319,684,205
	<u>\$ 4,104,254,159</u>
	<u>\$ 1,368,084,720</u>

Average Equalized Valuation of Taxable Property

	\$ 41,042,542
	<u>1,465,000</u>
	<u>\$ 39,577,542</u>

Debt Limit (a) (3% of Average Equalization Value)
 Net Bonded School Debt
 Legal Debt Margin

Fiscal Year Ending June 30.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 40,862,032	\$ 41,106,402	\$ 41,213,033	\$ 41,403,760	\$ 41,135,089	\$ 41,144,250	\$ 41,075,762	\$ 40,546,879	\$ 40,500,404	\$ 41,042,542
Total Net Debt Applicable to Limit	7,145,000	6,065,000	5,480,000	4,895,000	4,320,000	3,745,000	3,170,000	2,595,000	2,025,000	1,465,000
Legal Debt Margin	<u>\$ 33,717,032</u>	<u>\$ 35,041,402</u>	<u>\$ 35,733,033</u>	<u>\$ 36,508,760</u>	<u>\$ 36,815,089</u>	<u>\$ 37,399,250</u>	<u>\$ 37,905,762</u>	<u>\$ 37,951,879</u>	<u>\$ 38,475,404</u>	<u>\$ 39,577,542</u>

Total Net Debt Applicable to the Limit	17.49%	14.75%	13.30%	11.82%	10.50%	9.10%	7.72%	6.40%	5.00%	3.57%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Morris County Per Capita Personal Income ^b	Total County Personal Income ^c	Unemployment Rate ^d
2014	4,979	\$ 84,287	\$ 419,664,973	4.70%
2015	4,961	88,298	438,046,378	3.70%
2016	4,945	91,252	451,241,140	3.80%
2017	4,924	93,544	460,610,656	3.70%
2018	4,900	97,244	476,495,600	3.60%
2019	4,845	99,140	480,333,300	3.00%
2020	4,836	102,227	494,369,772	6.20%
2021	4,973	107,767	535,925,291	4.80%
2022	4,958	107,767 *	534,308,786 ***	3.00%
2023	4,958 **	107,767 *	534,308,786 ***	N/A

* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest County Personal Income data available (2021) and latest population data available (2022) was used for calculation purposes.

N/A - Information unavailable.

Source:

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

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

2022		2013			
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,552	3.93%	U.S. Army Armament R&D	5,841	2.13%
Novartis	6,500	2.42%	Novartis	5,035	1.84%
Picatinny Arsenal	6,000	2.23%	Atlantic Health System	4,463	1.63%
Barclays	3,374	1.26%	ADP	2,060	0.75%
ADP	2,400	0.89%	Bayer Healthcare, LLC	1,900	0.69%
Accenture	2,344	0.87%	County of Morris	1,674	0.61%
Pricewaterhouse Coopers	2,095	0.78%	Wyndham Worldwide Corporation	1,653	0.60%
Cigna	1,686	0.63%	Saint Claire's Health	1,642	0.60%
Deloitte & Touche	1,646	0.61%	BASF Corporation	1,500	0.55%
Saint Claire's Health	1,473	0.55%	Accenture	1,480	0.54%
Total	<u>38,070</u>	14.17%	Total	<u>27,248</u>	9.94%
Total County Labor Force	<u>268,713</u>		Total County Labor Force	<u>274,179</u>	

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

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	45.90	46.00	46.00	46.00	46.00	47.00	50.00	42.68	47.50	43.50
Special Education	10.50	10.50	10.50	10.50	10.50	13.00	18.00	17.50	18.00	20.00
Support Services:										
Student & Instruction Related Services	12.60	13.00	13.00	13.00	13.00	13.00	10.00	8.71	8.50	11.00
School Administrative Services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
General and Business Administrative Services	4.00	4.00	4.20	4.20	4.20	4.00	5.00	5.00	5.00	4.00
Plant Operations and Maintenance	7.00	7.50	7.50	7.50	7.50	7.00	7.00	8.00	7.00	7.00
Total	84.00	85.00	85.20	85.20	85.20	88.00	94.00	85.89	90.00	89.50

Source: District Personnel Records

MENDHAM BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2014	619	\$ 10,208,769	\$ 16,492	8.41%	56.40	1:11	1:10	607	585	-6.62%	96.38%	
2015	599	10,494,781	17,521	6.24%	56.50	1:11	1:10	596	572	-1.81%	95.97%	
2016	568	11,131,639	19,598	11.86%	56.50	1:11	1:10	569	547	-4.53%	96.13%	
2017	538	11,162,551	20,748	5.87%	56.50	1:11	1:10	538	503	-5.45%	93.49%	
2018	525	11,660,473	22,210	7.05%	56.50	1:10	1:10	525	507	-2.42%	96.57%	
2019	541	11,411,845	21,094	-5.03%	60.00	1:10	1:10	541	520	3.05%	96.12%	
2020	504	11,084,838	21,994	4.27%	68.00	1:10	1:08	498	485	-7.95%	97.39%	
2021	483	11,732,793	24,291	10.45%	66.00	1:10	1:12	482	473	-3.21%	98.13%	
2022	480	13,262,632	27,630	13.75%	66.00	1:11	1:12	479	472	-0.62%	98.54%	
2023	488	14,098,795	28,891	4.56%	64.00	1:11	1:12	487	466	1.67%	95.69%	

Sources: Mendham Borough School District records

Note: Enrollment based on annual October district count.

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

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

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

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

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

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hilltop School	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790
Square Feet	428	428	428	428	428	428	428	428	428	428
Capacity (students)	303	307	278	272	264	280	259	259	251	276
Enrollment										
Mountain View School	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280
Square Feet	383	383	383	383	383	383	383	383	383	383
Capacity (students)	307	292	290	258	255	261	245	245	229	212
Enrollment										

Number of Schools at June 30, 2023

Elementary = 1

Middle School = 1

Source: Mendham Borough School District Facilities Office

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Hilltop School</u>	<u>Mountain View School</u>	<u>Total</u>
2014	\$ 89,956	\$ 87,831	\$ 177,787
2015	66,349	85,769	152,118
2016	70,540	91,197	161,737
2017	114,088	147,481	261,569
2018	148,278	191,678	339,956
2019	139,533	180,375	319,908
2020	86,034	118,137	204,171
2021	73,573	67,772	141,345
2022	124,719	96,479	221,198
2023	170,305	131,744	302,049

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

Source: Mendham Borough School District records

MENDHAM BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

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

Source: Mendham Borough School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "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 Mendham Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2023, 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 7, 2023.

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.

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.

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

Report on Compliance and Other Matters

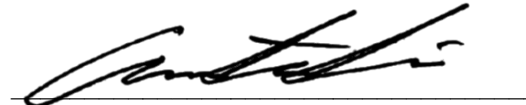
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 result 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 7, 2023
Mount Arlington, NJ

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
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 Borough 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 Mendham Borough School District'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, 2023. 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

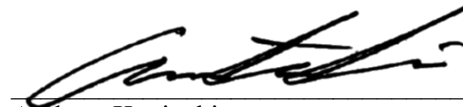
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

November 7, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Budgetary Expenditures	Balance at June 30, 2023 Due to Grantor	Amount Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			
U.S. Department of Agriculture Passed-through State Department of Agriculture: Child Nutrition Cluster: COVID-19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	\$ 179,889	\$ 10,767				
After School Snacks	10.555	N/A	7/1/21-6/30/22	3,880	234				
Total U.S. Department of Agriculture / Child Nutrition Cluster / Enterprise Funds					11,001				
U.S. Department of Education: Passed-through State Department of Education: Elementary and Secondary Education Act: Title II - Part A	84.367	ESEA-3090-23	7/1/22-9/30/23	16,715	10,200	\$ (16,003)	\$ (5,803)		
Title II - Part A	84.367	ESEA-3090-22	7/1/21-9/30/22	17,055	10,805				
Subtotal Title II - Part A					21,005	(16,003)	(5,803)		
Special Education Cluster: I.D.E.A. Part B, Basic	84.027	IDEA-3090-23	7/1/22-9/30/23	114,462	114,462	(114,462)	(6,089)		
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-23	7/1/22-9/30/23	6,089		(6,089)			
I.D.E.A. Part B, Basic	84.027	IDEA-3090-22	7/1/21-9/30/22	113,102	34,949				
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-22	7/1/21-9/30/22	7,370	5,570				
ARP - I.D.E.A. Part B, Basic	84.027X	IDEA-3090-22	7/1/21-9/30/23	20,634	20,634				
ARP - I.D.E.A. Preschool	84.173X	IDEA-3090-22	7/1/22-9/30/23	1,762	1,762	(1,762)			
Tc Total Special Education Cluster					177,377	(122,313)	(6,089)		
Education Stabilization Fund: COVID-19 - CRRSA - ESSER II	84.425D	S425D2100027	3/13/20-9/30/23	49,482	19,352	(8,739)			
COVID-19 - CRRSA - Learning Accelerating	84.425D	S425D2100027	3/13/20-9/30/23	25,000	3,499	(2,271)			
COVID-19 - CRRSA - Mental Health	84.425D	S425D2100027	3/13/20-9/30/23	45,000	45,000	(40,500)			
COVID-19 - ARP - ESSER III	84.425D	S425U210027	3/13/20-9/30/24	111,207		(7,500)			
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000	38,310	(35,430)	(450)		
COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities	84.425U	S425U210027	3/13/20-9/30/24	40,000	7,231	(22,599)	(22,838)		
COVID-19 - ARP - Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	S425U210027	3/13/20-9/30/24	40,000	13,588	(15,213)	(1,625)		
COVID-19 - ARP - NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	11,780	(14,180)	(2,400)		
Total Educational Stabilization Fund					138,760	(146,432)	(34,813)		
Total U.S. Department of Education / Special Revenue Fund					337,142	(284,748)	(46,705)		
Total Federal Financial Awards					\$ 348,143	\$ (284,748)	\$ (46,705)	\$ -0-	\$ -0-

N/A - Not Applicable or Not Available
SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Balances	Memo	
				Unearned Revenue/(Accounts Receivable)	Due to Grantor				June 30, 2023 GAAP	Budgetary Revenue/(Accounts Receivable)
State Department of Education:										
General Fund State Aid:										
Categorical Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 338,991	\$ (24,546)		\$ 24,546				\$ 338,991
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	35,667	(2,583)		2,583				35,667
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	47,259	(3,421)		3,421				47,259
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	10,107	(10,107)		10,107				10,107
Extraordinary Special Education Costs	22-100-034-5120-044	7/1/21-6/30/22	133,801	(133,801)		133,801				133,801
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	378,748	(17,828)		17,828				378,748
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	1,760,548			1,760,548	\$ (1,760,548)			1,760,548
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	468,908			468,908	(468,908)			468,908
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	24,426			24,426	(24,426)			24,426
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	1,013			1,013	(1,013)			1,013
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	411,369			379,921	(411,369)		\$ (31,448)	411,369
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	35,667			32,940	(35,667)		(2,727)	35,667
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	47,259			43,646	(47,259)		(3,613)	47,259
Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	11,232				(11,232)		(11,232)	11,232
Extraordinary Special Education Costs	23-100-034-5120-044	7/1/22-6/30/23	100,680			376,604	(100,680)		(100,680)	100,680
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	396,462				(396,462)		(19,858)	396,462
Subtotal General Fund				(192,286)		3,280,292	(3,257,564)		(131,770)	4,202,137
Special Revenue Fund Aid:										
N.J. Nonpublic Aid:										
Technology Aid	22-100-034-5120-064	7/1/21-6/30/22	294		\$ 294			\$ (294)		
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	420		420			(420)		
Security Aid	22-100-034-5120-064	7/1/21-6/30/22	1,225		1,225			(1,225)		
Nursing Aid	22-100-034-5120-064	7/1/21-6/30/22	784		784			(784)		
School Development Authority:										
Emergent and Capital Maintenance Needs	N/A	7/1/21-6/30/23	11,710		11,710				9,229	2,481
Climate Awareness Grant	N/A	7/1/22-6/30/23	6,656			6,656				6,656
Subtotal Special Revenue Fund										
Total State Department of Education										
State Department of Agriculture:										
Food Service Fund:										
COVID - 19 Seamless Summer Option	22-100-034-5120-122	7/1/21-6/30/22	4,231	(248)		248				4,231
Total Food Service Fund / State Department of Agriculture										
Total State Financial Awards										
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	\$ 468,908							\$ 468,908
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	1,760,548							1,760,548
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	24,426							24,426
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	1,013							1,013
Subtotal - On-Behalf TPAF Pension System Contributions										
Total State Awards Subject to Single Audit Major Program Determination										
N/A - Not available										

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

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Mendham Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules are presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,238) for the general fund and \$10,223 (of which \$280 relates to local grants) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 3,250,326	\$ 3,250,326
Special Revenue Fund	\$ 294,691	9,137	303,828
Total	\$ 294,691	\$ 3,259,463	\$ 3,554,154

MENDHAM BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

MENDHAM BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors’ Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state 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 program for the District expresses an unmodified opinion on the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey’s OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District’s programs tested as major state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Programs:</u>				
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 411,369	\$ 411,369
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	35,667	35,667

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in the Uniform Guidance and New Jersey’s OMB Circular 15-08.

MENDHAM BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior year findings.