

# MENDHAM TOWNSHIP SCHOOL DISTRICT

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

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

Annual Comprehensive  
Financial Report

of the

Mendham Township School District  
Board of Education

Mendham Township, New Jersey

For Fiscal Year Ended June 30, 2023

Prepared by

Mendham Township School District  
Board of Education

MENDHAM TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
<b>FINANCIAL SECTION.....</b>	<b>8</b>
Independent Auditors’ Report.....	9
Required Supplementary Information.....	12
Management’s Discussion and Analysis .....	13
Basic Financial Statements (Sections A. and B.).....	21
A. District-Wide Financial Statements.....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
B-4 Statement of Net Position – Proprietary Funds.....	33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	34
B-6 Statement of Cash Flows – Proprietary Funds.....	35
Notes to the Basic Financial Statements .....	36
Required Supplementary Information.....	76
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions (Unaudited).....	77
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	77
L-2 Schedule of District Contributions – Public Employees Retirement System .....	78
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability – Attributable to the District - Teachers’ Pension and Annuity Fund .....	79
L-4 Schedule of State’s Contributions – Attributable to the District - Teacher’s Pension and Annuity Fund.....	80
L-5 - Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated With the District and Related Ratios .....	81
Notes to Required Supplementary Information .....	82

MENDHAM TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules

C. Budgetary Comparison Schedules.....	84
C-1 Budgetary Comparison Schedule – General Fund.....	85
C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund .....	96
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information.....	97

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable) .....	98
E. Special Revenue Fund .....	99
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	100
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	102
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis .....	103
F-1A Schedule of Project Revenue, Expenditures, Project Balance and Project Status – 2022 Referendum.....	104
G. Proprietary Funds.....	105
Enterprise Fund:	
G-1 Combining Statement of Net Position .....	106
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	107
G-3 Combining Statement of Cash Flows .....	108
H. Fiduciary Activities (Not Applicable) .....	109
I. Long-Term Liabilities.....	110
I-1 Schedule of Serial Bonds .....	111
I-2 Schedule of Obligations Under Financed Purchases .....	112
I-3 Schedule of Obligations Under Leases .....	113
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable) .....	114
I-5 Debt Service Fund Budgetary Comparison Schedule.....	115
J. Statistical Section (Unaudited) .....	116
J-1 Net Position by Component.....	117
J-2 Changes in Net Position.....	118
J-3 Fund Balance – Governmental Funds.....	120
J-4 Changes in Fund Balances – Governmental Funds .....	121
J-5 General Fund Other Local Revenue by Source .....	123
J-6 Assessed Value and Actual Value of Taxable Property .....	124
J-7 Direct and Overlapping Property Taxpayers .....	125
J-8 Principal Property Taxpayers.....	126
J-9 Property Tax Levies and Collections.....	127

MENDHAM TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

FINANCIAL SECTION (Cont'd)

J-10	Ratio of Outstanding Debt by Type .....	128
J-11	Ratios of Net General Bonded Debt Outstanding .....	129
J-12	Ratios of Overlapping Governmental Activities Debt .....	130
J-13	Legal Debt Margin .....	131
J-14	Demographic and Economic Statistics .....	132
J-15	Principal Employers .....	133
J-16	Full-Time Equivalent District Employees by Function/Program .....	134
J-17	Operating Statistics .....	135
J-18	School Building Information .....	136
J-19	Schedule of Required Maintenance for School Facilities .....	137
J-20	Insurance Schedule .....	138
K.	Single Audit Section .....	139
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	140
K-2	Report on Compliance For Each Major State Program; Report on Internal Control over Compliance Required by NJOMB 15-08 .....	142
K-3	Schedule of Expenditures of Federal Awards .....	145
K-4	Schedule of Expenditures of State Awards .....	146
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	147
K-6	Schedule of Findings and Questioned Costs .....	149
K-7	Summary Schedule of Prior Audit Findings .....	151

INTRODUCTORY SECTION

# Mendham Township Board of Education

6 East Main Street \* Post Office Box 510  
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Telephone: 973-543-5537



Donna Mosner  
School Business Administrator  
[dmosner@mendhamtp.org](mailto:dmosner@mendhamtp.org)  
Fax: 973-543-2892

December 8, 2023

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

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Mendham Township School District (the "District") for the fiscal year ended June 30, 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 Mendham Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These included regular as well as special education for classified children. The District completed the 2022-2023 fiscal year with an enrollment of 792 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Mendham Township area is currently experiencing a period of rapid economic development. Home sales have resulted in an increasing enrollment. The Mendham Township area is a highly desirable community in Morris County with a reputation for excellence in their schools.

# Mendham Township Board of Education

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The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
Page 2  
December 8, 2023

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

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

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

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

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

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



# Mendham Township Board of Education

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The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
Page 3  
December 8, 2023

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

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

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

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

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

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

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

# Mendham Township Board of Education

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The Honorable President and Members  
of the Board of Education  
Mendham Township School District  
Page 4  
December 8, 2023

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

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

Respectfully submitted,

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

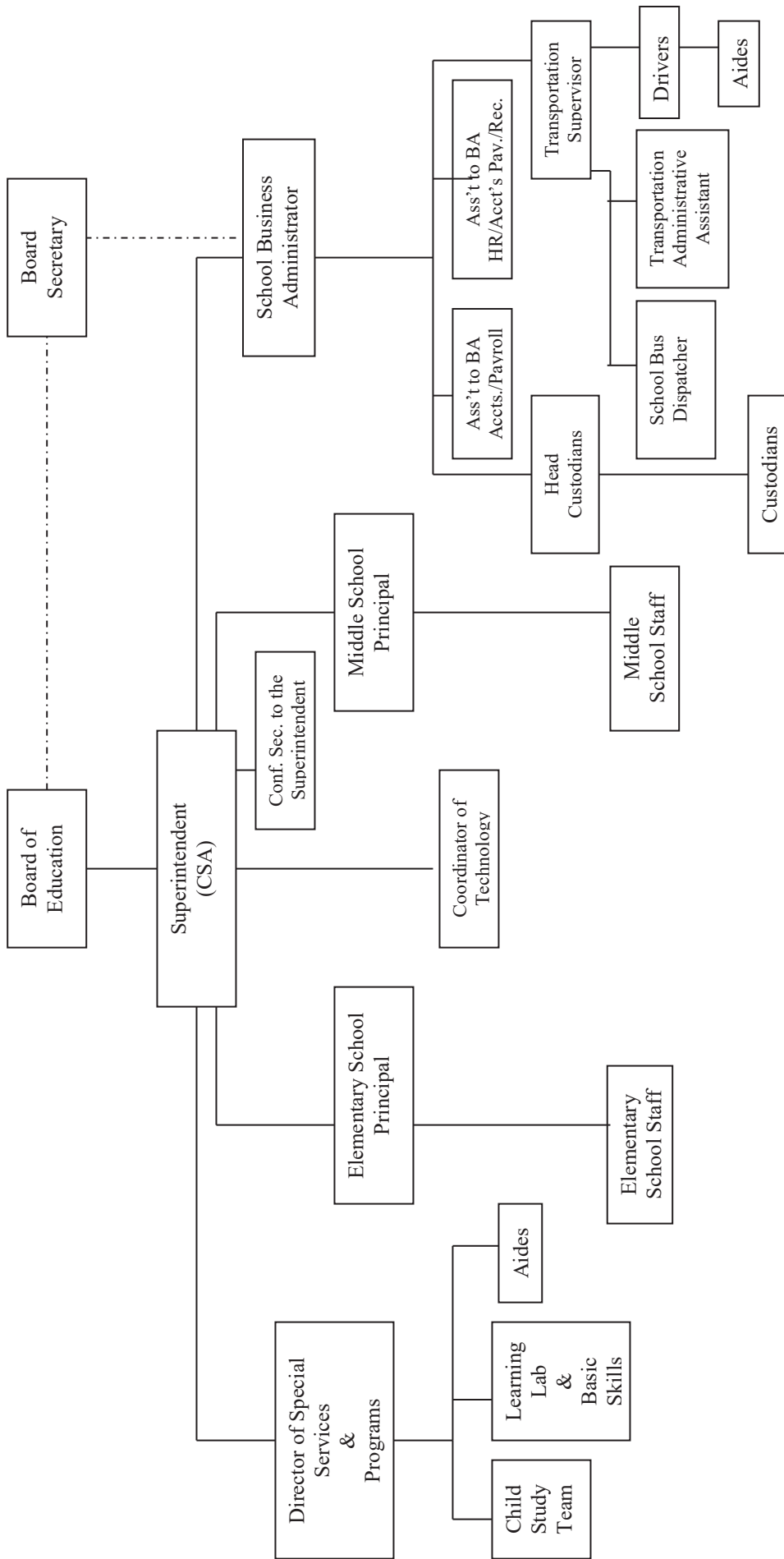
Salvatore Constantino, Ed.D.  
Superintendent

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

Donna Mosner  
Business Administrator/Board Secretary

# Mendham Township Board of Education

## ORGANIZATIONAL CHART



MENDHAM TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2023

Members of the Board of Education

Term Expires

Joan Mody, President	2025
Andrew Christmann, Vice President	2025
Adam Dubeck	2024
Peter Dumovic	2024
Thomas Keeling	2024
Rekha Mandel	2023
Diana Orban Brown	2023

Other Officials

Title

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2023

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860  
And  
1140 Route 22 East, Suite 203  
Bridgewater, New Jersey 08807

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Wilentz, Goldman, Spitzer  
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Woodbridge, NJ 07095

**Architect of Record**

Parette Somjen Architects  
449 Route 46 East  
Rockaway, NJ 07866

**Official Depository**

Lakeland Bank  
98 East Main Street  
Mendham, NJ 07945

FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***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 Township 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 December 8, 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.

December 8, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

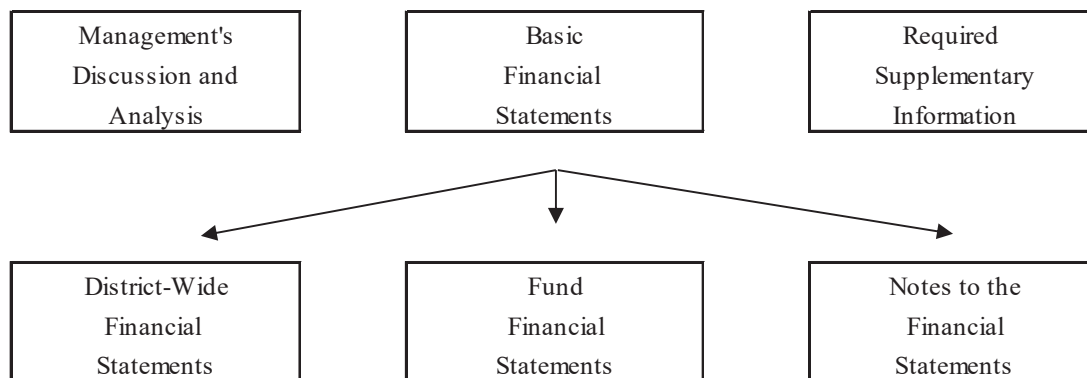


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

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

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

**District-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The District has two kinds of funds:

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

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Notes to the Basic Financial Statements**

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

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

*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.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2022-2023
	2023	2022	2023	2022	2023	2022	
Current and Other Assets	\$ 25,791,503	\$ 27,080,527	\$ 68,631	\$ 52,122	\$ 25,860,134	\$ 27,132,649	
Capital Assets, Net	15,423,507	14,418,473	83,187	20,692	15,506,694	14,439,165	
Lease Assets, Net	70,144	106,213			70,144	106,213	
Total Assets	41,285,154	41,605,213	151,818	72,814	41,436,972	41,678,027	-0.58%
Deferred Outflows of Resources	774,409	749,933			774,409	749,933	3.26%
Other Liabilities	827,734	1,273,453	15,344	11,740	843,078	1,285,193	
Long-Term Liabilities	24,359,549	24,406,336			24,359,549	24,406,336	
Total Liabilities	25,187,283	25,679,789	15,344	11,740	25,202,627	25,691,529	-1.90%
Deferred Inflows of Resources	1,253,520	2,794,462			1,253,520	2,794,462	-55.14%
Net Position:							
Net Investment in Capital Asset	13,495,176	13,148,798	83,187	20,692	13,578,363	13,169,490	
Restricted	6,210,594	4,828,808			6,210,594	4,828,808	
Unrestricted/(Deficit)	(4,087,010)	(4,096,711)	53,287	40,382	(4,033,723)	(4,056,329)	
Total Net Position/(Deficit)	\$ 15,618,760	\$ 13,880,895	\$ 136,474	\$ 61,074	\$ 15,755,234	\$ 13,941,969	13.01%

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

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

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2023	2022	2023	2022	2023	2022	2022-2023
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,844,678	\$ 2,279,177	\$ 409,796	\$ 304,520	\$ 3,254,474	\$ 2,583,697	
Operating Grants and Contributions	4,247,959	4,845,720			4,247,959	4,845,720	
General Revenue:							
Property Taxes	18,300,663	18,075,526			18,300,663	18,075,526	
Unrestricted Federal and State Aid	94,221	154,918			94,221	154,918	
Other	593,731	54,877	55,308	159	649,039	55,036	
Total Revenue	<u>26,081,252</u>	<u>25,410,218</u>	<u>465,104</u>	<u>304,679</u>	<u>26,546,356</u>	<u>25,714,897</u>	3.23%
Expenses:							
Instruction	12,797,307	12,596,311			12,797,307	12,596,311	
Tuition	198,433	298,248			198,433	298,248	
Pupil & Instruction Services	2,726,005	2,382,548			2,726,005	2,382,548	
Administrative and Business	2,083,860	2,148,937			2,083,860	2,148,937	
Maintenance & Operations	2,886,354	2,601,587			2,886,354	2,601,587	
Transportation	3,032,201	3,040,053			3,032,201	3,040,053	
Other	619,227	309,908	389,704	298,557	1,008,931	608,465	
Total Expenses	<u>24,343,387</u>	<u>23,377,592</u>	<u>389,704</u>	<u>298,557</u>	<u>24,733,091</u>	<u>23,676,149</u>	4.46%
Change in Net Position	<u>\$ 1,737,865</u>	<u>\$ 2,032,626</u>	<u>\$ 75,400</u>	<u>\$ 6,122</u>	<u>\$ 1,813,265</u>	<u>\$ 2,038,748</u>	-11.06%

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

**Governmental Activities**

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

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

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

	Total		Net	
	Cost of Services		Cost of Services	
	2023	2022	2023	2022
Instruction	\$ 12,797,307	\$ 12,596,311	\$ 8,356,277	\$ 7,771,741
Tuition	198,433	298,248	198,433	298,248
Pupil & Instruction Services	2,726,005	2,382,548	2,534,453	2,284,385
Administrative and Business	2,083,860	2,148,937	1,861,299	1,835,350
Maintenance & Operations	2,886,354	2,601,587	2,886,354	2,601,587
Transportation	3,032,201	3,040,053	794,707	1,151,476
Other	619,227	309,908	619,227	309,908
<b>Total</b>	<b>\$ 24,343,387</b>	<b>\$ 23,377,592</b>	<b>\$ 17,250,750</b>	<b>\$ 16,252,695</b>

**Business-Type Activities**

Net position from the District's business-type activities decreased by \$75,400, primarily due to the Food Service Enterprise Funds expenses exceeded revenue by \$75,400.

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

The District's Governmental Funds changed on a GAAP basis during the fiscal year as follows:

General Fund Balance increased \$355,633 primarily due increases in local (interest earnings, tuition, and transportation fees) and state revenue as well as unexpended budget appropriations. The Special Revenue Fund Balance decreased \$9,182 primarily due to increased spending for Student Activities. The Capital Projects Fund Balance decreased \$1,539,836 which is due to current year expenditures for capital projects. The Debt Service Fund increased \$449,429 due to the transfer of interest earned in the Capital Projects Fund on the unexpended 2022 bond proceeds and significant increases in interest rates.



**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

**General Fund Budgetary Highlights**

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

**Capital Assets**

At year end, the District's capital assets were \$15,506,694, an increase of \$1,067,529, or 7.39%, from the previous year. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

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

	Governmental Activities		Business-Type Activities		Total School District		% Change 2022-2023
	2023	2022	2023	2022	2023	2022	
Land	\$ 14,000	\$ 14,000			\$ 14,000	\$ 14,000	
Construction in Progress	1,719,953	180,118			1,719,953	180,118	
Site Improvements	314,840	343,095			314,840	343,095	
Buildings/Improvements	11,681,920	12,591,017			11,681,920	12,591,017	
Furniture, Machinery & Equipment	1,692,794	1,290,243	\$ 83,187	\$ 20,692	1,775,981	1,310,935	
<b>Total</b>	<b>\$ 15,423,507</b>	<b>\$ 14,418,473</b>	<b>\$ 83,187</b>	<b>\$ 20,692</b>	<b>\$ 15,506,694</b>	<b>\$ 14,439,165</b>	<b>7.39%</b>

**Long-Term Liabilities**

At year-end, the District had \$24,359,549 in general obligation bonds, net pension liability and other long-term liabilities outstanding – a decrease of \$46,787 from the prior year due primarily to the offset decrease in Net Pension Liability and current year payments of general obligation bonds – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

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

	Total School District		Percent Change 2022-2023
	2023	2022	
General Obligation Bonds (Financed with Property Taxes)	\$ 19,903,000	\$ 20,623,000	
Net Pension Liability	3,826,314	2,981,592	
Other Long Term Liabilities	630,235	801,744	
<b>Total</b>	<b>\$ 24,359,549</b>	<b>\$ 24,406,336</b>	<b>-0.19%</b>

**MENDHAM TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2023**

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 6 East Main Street, Brookside, New Jersey 07926.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 21,350,759	\$ 59,880	\$ 21,410,639
Receivable from Federal Government	280,354		280,354
Receivable from State Government	408,634		408,634
Other Accounts Receivable	72,531		72,531
Internal Balances	(1,549)	1,549	
Inventories		7,202	7,202
Restricted Cash and Cash Equivalents	3,680,804		3,680,804
Capital Assets:			
Land and Construction in Progress	1,733,953		1,733,953
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery & Equipment	13,689,554	83,187	13,772,741
Lease Assets, Net	70,114		70,114
Total Assets	<u>41,285,154</u>	<u>151,818</u>	<u>41,436,972</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>774,409</u>		<u>774,409</u>
Total Deferred Outflows of Resources	<u>774,409</u>		<u>774,409</u>
<u>LIABILITIES</u>			
Accounts Payable	537,891		537,891
Accrued Interest Payable	245,138		245,138
Unearned Revenue	44,705	15,344	60,049
Noncurrent Liabilities:			
Due Within One Year	1,173,567		1,173,567
Due Beyond One Year	23,185,982		23,185,982
Total Liabilities	<u>25,187,283</u>	<u>15,344</u>	<u>25,202,627</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	<u>1,253,520</u>		<u>1,253,520</u>
Total Deferred Inflows of Resources	<u>1,253,520</u>		<u>1,253,520</u>

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

<u>NET POSITION</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Net Investment in Capital Assets	\$ 13,495,176	\$ 83,187	\$ 13,578,363
Restricted for:			
Capital Projects	2,575,718		2,575,718
Debt Service	461,466		461,466
Maintenance	926,840		926,840
Unemployment Compensation	111,529		111,529
Student Activities	66,717		66,717
Excess Surplus	2,068,324		2,068,324
Unrestricted/(Deficit)	<u>(4,087,010)</u>	<u>53,287</u>	<u>(4,033,723)</u>
Total Net Position	<u>\$ 15,618,760</u>	<u>\$ 136,474</u>	<u>\$ 15,755,234</u>

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 9,537,837	\$ 641,188	\$ 2,101,616	\$ (6,795,033)	\$	\$ (6,795,033)	
Special Education	2,672,645		1,698,226	(974,419)		(974,419)	
Other Instruction	271,688			(271,688)		(271,688)	
School-Sponsored Instruction	315,137			(315,137)		(315,137)	
Support Services:							
Tuition	198,433			(198,433)		(198,433)	
Student & Instruction Related Services	2,726,005	191,552		(2,534,453)		(2,534,453)	
General Administrative Services	843,287		85,018	(758,269)		(758,269)	
School Administrative Services	772,719			(772,719)		(772,719)	
Central Services and Administrative							
Information Technology	467,854		137,543	(330,311)		(330,311)	
Plant Operations and Maintenance	2,886,354			(2,886,354)		(2,886,354)	
Pupil Transportation	3,032,201	2,011,938	225,556	(794,707)		(794,707)	
Interest and Other Charges	549,079			(549,079)		(549,079)	
Capital Outlay	61,715			(61,715)		(61,715)	
Unallocated Depreciation	8,433			(8,433)		(8,433)	
Total Governmental Activities	24,343,387	2,844,678	4,247,959	(17,250,750)		(17,250,750)	

MENDHAM TOWNSHIP 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
Business-Type Activities:						
Middle School Play	\$ 21,674	\$ 20,067			\$ (1,607)	\$ (1,607)
Food Service	368,030	389,729			21,699	21,699
Total Business-Type Activities	389,704	409,796			20,092	20,092
Total Primary Government	\$ 24,733,091	\$ 3,254,474	\$ 4,247,959	\$ (17,250,750)	20,092	(17,230,658)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,210,733		17,210,733
Taxes Levied for Debt Service				1,089,930		1,089,930
Federal and State Aid not Restricted				94,221		94,221
Miscellaneous Income				646,587	2,452	649,039
Transfers				(52,856)	52,856	
Total General Revenue				18,988,615	55,308	19,043,923
Change in Net Position				1,737,865	75,400	1,813,265
Net Position - Beginning				13,880,895	61,074	13,941,969
Net Position - Ending				\$ 15,618,760	\$ 136,474	\$ 15,755,234

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



FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,705,252		\$ 18,645,507		\$ 21,350,759
Receivables From Federal Government		\$ 280,354			280,354
Receivables From State Government	408,634				408,634
Other Receivables	63,531	9,000			72,531
Interfund Receivable	290,349			\$ 461,466	751,815
Restricted Cash and Cash Equivalents	3,614,087	66,717			3,680,804
Total Assets	<u>\$ 7,081,853</u>	<u>\$ 356,071</u>	<u>\$ 18,645,507</u>	<u>\$ 461,466</u>	<u>\$ 26,544,897</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts Payable	\$ 140,567				\$ 140,567
Interfund Payable	1,549	\$ 289,354	\$ 462,461		753,364
Unearned Revenue	44,705				44,705
Total Liabilities	<u>186,821</u>	<u>289,354</u>	<u>462,461</u>		<u>938,636</u>
Fund Balances:					
Restricted:					
Capital Reserve	2,575,718				2,575,718
Maintenance Reserve	926,840				926,840
Unemployment Compensation	111,529				111,529
Excess Surplus - 2024-2025	1,034,162				1,034,162
Excess Surplus - 2023-2024	1,034,162				1,034,162
Student Activities		66,717			66,717
Capital Projects			18,183,046		18,183,046
Debt Service				\$ 461,466	461,466
Assigned:					
Year-End Encumbrances	542,883				542,883
Unassigned	669,738				669,738
Total Fund Balances	<u>6,895,032</u>	<u>66,717</u>	<u>18,183,046</u>	<u>461,466</u>	<u>25,606,261</u>
Total Liabilities and Fund Balances	<u>\$ 7,081,853</u>	<u>\$ 356,071</u>	<u>\$ 18,645,507</u>	<u>\$ 461,466</u>	<u>\$ 26,544,897</u>
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:					
Total Fund Balances from Above					\$ 25,606,261
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.					15,423,507
Leased Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.					70,114
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.					(245,138)
Long-Term Liabilities, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds					(24,359,549)
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					377,085
Deferred Inflows					(1,253,520)
Net Position of Governmental Activities					<u>\$ 15,618,760</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 17,210,733			\$ 1,089,930	\$ 18,300,663
Tuition	641,188				641,188
Transportation Fees from Other LEASs	2,011,938				2,011,938
Rents and Royalties	18,644				18,644
Interest Earned on Maintenance Reserve Funds	21,361				21,361
Interest Earned on Capital Reserve Funds	19,735				19,735
Restricted Miscellaneous Revenues	47,774				47,774
Unrestricted Miscellaneous Revenues	89,644	\$ 191,552	\$ 449,429		730,625
	<u>20,061,017</u>	<u>191,552</u>	<u>449,429</u>	<u>1,089,930</u>	<u>21,791,928</u>
State Sources	5,214,970				5,214,970
Federal Sources		315,653			315,653
Total Revenues	<u>25,275,987</u>	<u>507,205</u>	<u>449,429</u>	<u>1,089,930</u>	<u>27,322,551</u>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	6,140,433	216,073			6,356,506
Special Education Instruction	1,648,984	34,062			1,683,046
Other Instruction	145,576				145,576
School-Sponsored	315,137				315,137
Support Services and Undistributed Costs:					
Tuition	198,433				198,433
Student and Other Instruction Related Services	1,948,458	187,134			2,135,592
General Administration Services	572,759				572,759
School Administration Services	537,783				537,783

MENDHAM TOWNSHIP 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
<b>EXPENDITURES:</b>					
Central Services & Administrative Information Technology	\$ 302,764				\$ 302,764
Plant Operations and Maintenance	1,745,025				1,745,025
Student Transportation	2,939,466				2,939,466
Unallocated Benefits	8,231,135				8,231,135
Debt Service:					
Interest and Other Charges				\$ 469,930	469,930
Principal				720,000	720,000
Capital Outlay	61,715	\$ 79,118	\$ 1,539,836		1,680,669
Total Expenditures	<u>24,787,668</u>	<u>516,387</u>	<u>1,539,836</u>	<u>1,189,930</u>	<u>28,033,821</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>488,319</u>	<u>(9,182)</u>	<u>(1,090,407)</u>	<u>(100,000)</u>	<u>(711,270)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Transfers In				549,429	549,429
Transfers Out	<u>(152,856)</u>		<u>(449,429)</u>		<u>(602,285)</u>
Total Other Financing Sources/(Uses)	<u>(152,856)</u>		<u>(449,429)</u>	<u>549,429</u>	<u>(52,856)</u>
Net Change in Fund Balances	335,463	(9,182)	(1,539,836)	449,429	(764,126)
Fund Balance - July 1	6,559,569	75,899	19,722,882	12,037	26,370,387
Fund Balance - June 30	<u>\$ 6,895,032</u>	<u>\$ 66,717</u>	<u>\$ 18,183,046</u>	<u>\$ 461,466</u>	<u>\$ 25,606,261</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (764,126)

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

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

Depreciation Expense	\$ (1,080,559)	
Capital Outlays	2,085,593	1,005,034

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

Amortization Expense	(36,099)	
----------------------	----------	--

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

(25,770)

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

720,000

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

<p>Repayment of leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>	<p>\$ 37,243</p>
<p>Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>	<p>160,036</p>
<p>In the Statement of Activities, interest on long term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).</p>	<p>(79,149)</p>
<p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p>	
<p>Changes in Net Pension Liability</p>	<p>(844,722)</p>
<p>Change in Deferred Outflows</p>	<p>24,476</p>
<p>Change in Deferred Inflows</p>	<p><u>1,540,942</u></p>
<p>Change in Net Position of Governmental Activities (Exhibit A-2)</p>	<p><u>\$ 1,737,865</u></p>

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

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

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Enterprise Funds Total</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 59,880	\$ 59,880
Interfund Accounts Receivable	1,549	1,549
Inventories	7,202	7,202
	<hr/>	<hr/>
Total Current Assets	68,631	68,631
	<hr/>	<hr/>
Non-Current Assets:		
Capital Assets	141,035	141,035
Less: Accumulated Depreciation	(57,848)	(57,848)
	<hr/>	<hr/>
Total Non-Current Assets	83,187	83,187
	<hr/>	<hr/>
Total Assets	151,818	151,818
	<hr/>	<hr/>
<b>LIABILITIES:</b>		
Current Liabilities:		
Unearned Revenue - Prepaid Meals	15,344	15,344
	<hr/>	<hr/>
Total Current Liabilities	15,344	15,344
	<hr/>	<hr/>
<b>NET POSITION:</b>		
Investment in Capital Assets	83,187	83,187
Unrestricted	53,287	53,287
	<hr/>	<hr/>
Total Net Position	<u>\$ 136,474</u>	<u>\$ 136,474</u>

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

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

	Business-type Activities - Enterprise Funds	
	Non-Major Funds	Enterprise Funds Total
Operating Revenue:		
Local Sources:		
Daily Sales - Non-Reimbursable Programs	\$ 388,122	\$ 388,122
Charges for Services - Program Fees	21,674	21,674
Total Operating Revenue	<u>409,796</u>	<u>409,796</u>
Operating Expenses:		
Cost of Sales - Non-Reimbursable Programs	183,172	183,172
Salaries, Benefits & Payroll Taxes	121,003	121,003
Supplies, Insurance & Other Costs	35,501	35,501
Management Fee	25,000	25,000
Miscellaneous	20,067	20,067
Depreciation Expense	4,961	4,961
Total Operating Expenses	<u>389,704</u>	<u>389,704</u>
Operating Income/(Loss)	20,092	20,092
Non-Operating Revenue:		
Local Sources:		
Interest Income	2,452	2,452
Total Non-Operating Revenue	<u>2,452</u>	<u>2,452</u>
Change in Net Position before Capital Contribution	22,544	22,544
Other Items:		
Capital Contribution from General Fund	52,856	52,856
Change in Net Position after Capital Contribution	<u>75,400</u>	<u>75,400</u>
Net Position - Beginning of Year	<u>61,074</u>	<u>61,074</u>
Net Position - End of Year	<u>\$ 136,474</u>	<u>\$ 136,474</u>

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



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

	Business-type Activities - Enterprise Funds	
	Non-Major Funds	Enterprise Funds Total
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 413,401	\$ 413,401
Payments for Programs	(20,067)	(20,067)
Payments to Food Service Vendor	(366,345)	(366,345)
Net Cash Provided by/(Used for) Operating Activities	<u>26,989</u>	<u>26,989</u>
Cash Flows from Investing Activities:		
Local Sources:		
Interest Income	<u>2,452</u>	<u>2,452</u>
Net Cash Provided by Investing Activities	<u>2,452</u>	<u>2,452</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	14,840	14,840
Cash and Cash Equivalents, July 1	<u>45,040</u>	<u>45,040</u>
Cash and Cash Equivalents, June 30	<u>\$ 59,880</u>	<u>\$ 59,880</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Operating Income/(Loss)	\$ 20,092	\$ 20,092
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:		
Depreciation	4,961	4,961
Changes in Assets and Liabilities:		
(Increase)/Decrease in Inventory	(1,669)	(1,669)
Increase/(Decrease) in Unearned Revenue	<u>3,605</u>	<u>3,605</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 26,989</u>	<u>\$ 26,989</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

MENDHAM TOWNSHIP 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)

Fund Financial Statements: (Cont'd)

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

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 25,296,157	\$ 651,973
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		
Current Year Encumbrances		(144,768)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	79,081	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(99,251)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 25,275,987	\$ 507,205

MENDHAM TOWNSHIP 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
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 24,787,668	\$ 661,155
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(144,768)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 24,787,668	\$ 516,387

E. Cash and Cash Equivalents, and Investments:

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

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

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

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



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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

MENDHAM TOWNSHIP 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)

K. Capital Assets:

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

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

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

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

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases is 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.

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



MENDHAM TOWNSHIP 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)

O. Accrued Salaries and Wages:

The District allows employees who provide services to the District over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there is \$7,225 of accrued salaries and wages as of June 30, 2023.

P. Compensated Absences:

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

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

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

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 \$6,895,032 General Fund fund balance at June 30, 2023, \$542,883 is assigned for year end encumbrances; \$2,575,718 is restricted in the capital reserve account; \$926,840 is restricted in the maintenance reserve account; \$111,529 is restricted for unemployment compensation; \$2,068,324 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$1,034,162 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$1,034,162 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025); and \$669,738 is unassigned fund balance (which is \$99,251 less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2024).

MENDHAM TOWNSHIP 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 is \$66,717 and is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2023 of \$18,183,046 is restricted.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2023 of \$461,466 is restricted.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$99,251 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$4,087,010 in governmental activities, which is primarily due to compensated absences payable, and net pension liability, offset by deferred inflows and outflows related to pensions. The deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

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 and deferred inflows of resources at June 30, 2023 related to pensions.

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

MENDHAM TOWNSHIP 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)

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

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion, or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body, to remove or change the commitment or 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 \$542,883 of assigned resources for year-end encumbrances at June 30, 2024.

MENDHAM TOWNSHIP 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:

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

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

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

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

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

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.

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

MENDHAM TOWNSHIP 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:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed;  
or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;



MENDHAM TOWNSHIP 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)

- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	<u>Unrestricted Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking & Savings Accounts	<u>\$ 21,410,639</u>	<u>\$ 3,680,804</u>	<u>\$ 25,091,443</u>
	<u><u>\$ 21,410,639</u></u>	<u><u>\$ 3,680,804</u></u>	<u><u>\$ 25,091,443</u></u>

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 \$25,091,443 and the bank balance was \$26,364,957.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Balance at June 30,		\$ 1,546,006
Interest	\$ 19,735	
Deposit by Board Resolution June 2023	<u>1,109,977</u>	
		<u>1,129,712</u>
		2,675,718
Budgeted Withdrawal - Transfer to Debt Service Fund		<u>(100,000)</u>
Balance at June 30, 2023		<u>\$ 2,575,718</u>

The balance in the capital reserve account at June 30, 2023 does not exceed the Long-Range Facilities Plan balance of local support costs of uncompleted projects.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District did not make any transfers to the capital outlay accounts.

NOTE 6. CAPITAL ASSETS

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

	Balance 6/30/	Increases	Decreases/	Balance 6/30/2023
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 14,000			\$ 14,000
Construction in Progress	180,118	\$ 1,539,835		1,719,953
Total Capital Assets not Being Depreciated	<u>194,118</u>	<u>1,539,835</u>		<u>1,733,953</u>
Capital Assets Being Depreciated:				
Site Improvements	1,018,755			1,018,755
Buildings and Building Improvements	26,182,478			26,182,478
Machinery and Equipment	3,485,574	545,758		4,031,332
Total Capital Assets Being Depreciated	<u>30,686,807</u>	<u>545,758</u>		<u>31,232,565</u>
Governmental Activities Capital Assets	<u>30,880,925</u>	<u>2,085,593</u>		<u>32,966,518</u>
Less Accumulated Depreciated for:				
Site Improvements	(675,660)	(28,255)		(703,915)
Buildings and Building Improvements	(13,591,461)	(909,097)		(14,500,558)
Machinery and Equipment	(2,195,331)	(143,207)		(2,338,538)
Total Accumulated Depreciation	<u>(16,462,452)</u>	<u>(1,080,559)</u>		<u>(17,543,011)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,418,473</u>	<u>\$ 1,005,034</u>	<u>\$ - 0 -</u>	<u>\$ 15,423,507</u>



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

NOTE 6. CAPITAL ASSETS (Cont'd)

	Balance 6/30/	Increases	Decreases/	Balance 6/30/2023
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 73,579	\$ 67,456		\$ 141,035
Less Accumulated Depreciation	(52,887)	(4,961)		(57,848)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 20,692	\$ 62,495	\$ - 0 -	\$ 83,187

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 3,541
Special Education Instruction	67
General Administrative Services	4,143
School Administrative Services	49,007
Operations & Maintenance of Plant	881,867
Student Transportation	133,501
Unallocated	8,433
	\$ 1,080,559

NOTE 7. LEASE ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 191,695			\$ 191,695
Total Lease Assets Being Amortized	191,695			191,695
Governmental Activities Lease Assets	191,695			191,695
Less Accumulated Amortization for:				
Machinery and Equipment	(85,482)	\$ (36,099)		(121,581)
	(85,482)	(36,099)		(121,581)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 106,213	\$ (36,099)	\$ - 0 -	\$ 70,114

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

NOTE 7. LEASE ASSETS (Cont'd)

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 36,099
	\$ 36,099

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/	Accrued	Retired	Balance 6/30/2023	Amount Due Within One Year
Bonds Payable	\$ 20,623,000		\$ 720,000	\$ 19,903,000	\$ 1,033,000
Net Pension Liability	2,981,592	\$ 844,722		3,826,314	
Lease Assets Payable	109,380		37,243	72,137	19,068
Financed Purchases Payable	366,390		160,036	206,354	121,499
Compensated Absences Payab	325,974	51,027	25,257	351,744	
	\$ 24,406,336	\$ 895,749	\$ 942,536	\$ 24,359,549	\$ 1,173,567

A. Bonds Payable:

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

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

Purpose	Final Maturity Date	Interest Rate	Amount
School Bonds, Series 2022	8/1/41	2.00% - 2.75%	\$ 19,903,000
			\$ 19,903,000

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

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

A. Bonds Payable: (Cont'd)

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 1,033,000	\$ 480,706	\$ 1,513,706
2025	855,000	461,825	1,316,825
2026	875,000	444,525	1,319,525
2027	885,000	426,925	1,311,925
2028	910,000	408,975	1,318,975
Thereafter 5 Years (2029-2033)	4,870,000	1,722,063	6,592,063
Thereafter 5 Years (2034-2038)	5,510,000	1,063,582	6,573,582
Thereafter 4 Years (2039-2042)	4,965,000	277,266	5,242,266
	<u>\$ 19,903,000</u>	<u>\$ 5,285,867</u>	<u>\$ 23,869,892</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board has \$197 of bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in current and long-term liabilities and will be liquidated by the General Fund. There is no current portion of the compensated absences balance of the governmental funds; therefore, the long-term liability portion of compensated absences of \$351,744. There is no liability for compensated absences in the District's Enterprise Funds.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. There is no current portion of the net pension liability at June 30, 2023; therefore, the long-term liability portion of the net pension liability is \$3,826,314. See Note 9 for further information on the PERS.

E. Financed Purchases Payable

The District has financed purchases agreements for vehicles valued at \$801,432, of which \$595,078 has matured and been repaid. The finance purchase agreements are for five-year terms and will be liquidated by the General Fund. The following is a schedule of the future lease payments under these finance purchases, and the present value of the net minimum lease payments at June 30, 2023:

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

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

E. Financed Purchases Payable: (Cont'd)

<u>Year</u>	<u>Amount</u>
2024	\$ 126,153
2025	<u>86,780</u>
Total Minimum Financed Purchases Payments	212,933
Less: Amount Representing Interest	<u>(6,579)</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 206,354</u>

The current portion of the finance purchases payable at June 30, 2023 is \$121,499 and the long-term portion is \$84,855. The General Fund will be used to liquidate the financed purchases payable.

F. Leases Payable:

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

Leases Payable

<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2022 Savin Copier	Monthly	01/28/27	0.345%	<u>\$ 72,137</u>
				<u>\$ 72,137</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 19,068	\$ 2,628
2025	19,873	1,823
2026	20,712	984
2027	<u>12,484</u>	<u>173</u>
	<u>\$ 72,137</u>	<u>\$ 5,608</u>

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

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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.

MENDHAM TOWNSHIP 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)

Contributions (Cont'd)

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 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 \$319,745 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$8,051 to the PERS for normal pensions 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.

Pension Liabilities and Pension Expense

At June 30, 2023, the District's liability was \$3,826,314 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 0.02535%, which was an increase of 0.00019% 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 \$400,966 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 \$8,051 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

MENDHAM TOWNSHIP 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 and Pension Expense (Cont'd)

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 91,977
	2019	5.21		114,941
	2020	5.16		337,987
	2021	5.13		28,046
	2022	5.04	\$ 11,855	
			<u>11,855</u>	<u>572,951</u>
Changes in Proportion	2018	5.63	18,912	
	2019	5.21	132,018	
	2020	5.16		232,122
	2021	5.13		424,093
	2022	5.04	28,315	
			<u>179,245</u>	<u>656,215</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	3,786	
	2020	5.00	113,744	
	2021	5.00	(709,464)	
	2022	5.00	750,302	
			<u>158,368</u>	
Difference Between Expected and Actual Experience	2018	5.63		3,503
	2019	5.21	8,787	
	2020	5.16	18,830	
	2021	5.13		9,428
	2022	5.04		11,423
			<u>27,617</u>	<u>24,354</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	397,324	
			<u>\$ 774,409</u>	<u>\$ 1,253,520</u>

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:

MENDHAM TOWNSHIP 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 and Pension Expense (Cont'd)

Fiscal Year Ending June 30,	Total
2023	\$ (328,217)
2024	(167,216)
2023	(81,548)
2026	177,907
2027	(391)
	\$ (399,465)

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:

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 TOWNSHIP 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 TOWNSHIP 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		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 4,915,693	\$ 3,826,314	\$ 2,899,209
<u>Pension Plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 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 \$2,507,614 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$834,430.

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$31,004,957. 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 0.06009%, which was a decrease of 0.00177% from its proportion measured as of June 30, 2021.

MENDHAM TOWNSHIP 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 of Resources and Deferred Inflows of Resources Related to Pensions

District's Proportionate Share of the Net Pension Liability	\$	- 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District		31,004,957
Total	\$	<u>31,004,957</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$834,430 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		21,088,845
	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 TOWNSHIP 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 of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Fiscal Year Ending June 30,	Total
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 TOWNSHIP 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 Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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 TOWNSHIP 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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	\$ 36,353,971	\$ 31,004,957	\$ 26,499,085

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 \$36,413 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$48,673 for the fiscal year ended June 30, 2023.



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

NOTE 10. DEFERRED COMPENSATION

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

AXA Equitable	VALIC
Lincoln Investment Planning	Vanguard Small Business

NOTE 11. RISK MANAGEMENT

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

Property and Liability

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

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

As of the date of this report, the SAIF’s June 30, 2023 audit is not available. Selected, summarized financial information for the SAIF as of June 30, 2022 is as follows:

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



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

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 47,774	\$ 52,905	\$ 111,529
2021-2022	51,833	35,513	116,660
2020-2021	48,703	32,802	100,340

NOTE 12. TAX CALENDAR

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

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

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

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. MAINTENANCE RESERVE ACCOUNT

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

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

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

Balance at June 30,		\$ 915,684
Interest Earnings	\$ 21,361	
Deposit by Board Resolution June 2023	189,795	
		211,156
		1,126,840
Budgeted Withdrawal	(100,000)	
Board Withdrawal	(100,000)	
		(200,000)
Balance at June 30, 2023		\$ 926,840

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

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District’s Governmental and Business-Type activities as of June 30, 2023 consisted of the following:

	<u>Governmental Funds</u>		District	
	General Fund	Total Governmental Funds	Contribution Subsequent to the Measurement Date	Total Governmental Activities
Vendors	\$ 22,783	\$ 22,783		\$ 22,783
Payroll Deductions and Withholdings	110,559	110,559		110,559
Accrued Salaries and Wages	7,225	7,225		7,225
State of New Jersey			\$ 397,324	397,324
	<u>\$ 140,567</u>	<u>\$ 140,567</u>	<u>\$ 397,324</u>	<u>\$ 537,891</u>

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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	\$ 290,349	\$ 1,549
Special Revenue Fund		289,354
Capital Projects Fund		462,461
Debt Service Fund	461,466	
Food Service Enterprise Fund	1,549	
	<u>\$ 753,364</u>	<u>\$ 753,364</u>

The interfund receivable in the General Fund represents funds advanced to the Special Revenue Fund while awaiting the collection of grants receivable and interest due from the Capital Projects Fund. The interfund receivable in the Debt Service Fund is interest earned in the Capital Projects Fund and transferred to the Debt Service Fund. The interfund receivable in the Food Service Enterprise Fund is a prior year interfund that was not repaid by the end of the current year.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

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

NOTE 17. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

Encumbrances

At June 30, 2023, there were encumbrances in the District's General Fund – Governmental Funds as detailed below. All of the governmental funds are considered to be major funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 542,883	\$ 146,005	\$ 1,690,690	\$ 2,379,578

On the District's Governmental Funds balance sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$146,005 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$1,690,690 of year end encumbrances in the Capital Projects Fund are included in the restricted fund balance.

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (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 or Beneficiaries 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 TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (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

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.

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 – June 30, 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 TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 33,841,022
Changes for Year:	
Service Cost	1,662,789
Interest on the Total OPEB Liability	768,786
Difference between Actual and Expected Experience	1,256,126
Changes in Assumptions	(7,782,077)
Gross Benefit Payments by the State	(761,505)
Contributions from Members	24,429
Net Changes	(4,831,452)
Balance at June 30, 2022	\$ 29,009,570

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	\$ 34,097,698	\$ 29,009,570	\$ 24,931,690

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 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:

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

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 23,978,183	\$ 29,009,570	\$ 35,618,603

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

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	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,506,208
	2018	9.51		1,437,351
	2019	9.29	\$ 202,932	
	2020	9.24	4,791,320	
	2021	9.24	26,570	
	2022	9.13		6,929,714
			5,020,822	9,873,273
Differences between Expected and Actual Experience	2018	9.51		1,358,744
	2019	9.29		2,388,523
	2020	9.24	4,465,698	
	2021	9.24		5,109,690
	2022	9.13	713,661.00	
				5,179,359
Changes in Proportion	N/A	N/A	1,483,828	474,358
			\$ 11,684,009	\$ 19,204,588



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

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred 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	\$ 1,441,788
2024	1,441,788
2025	1,441,788
2026	1,246,067
2027	712,517
Thereafter	2,246,100
	\$ 8,530,048

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST 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	0.0252628146%	0.0271968536%	0.0289757023%	0.0275596801%	0.0283090916%	0.0308185797%	0.02883556034%	0.0251685523%	0.0253543080%
District's Proportionate Share of the Net Pension Liability	\$ 4,729,890	\$ 6,105,149	\$ 8,581,772	\$ 6,415,453	\$ 5,573,919	\$ 5,553,041	\$ 4,624,057	\$ 2,981,592	\$ 3,826,314
District's Covered Employee Payroll	\$ 1,980,806	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846	\$ 2,064,194	\$ 1,933,563	\$ 1,836,332	\$ 1,968,911
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	238.79%	308.22%	461.35%	329.44%	287.04%	269.02%	239.15%	162.37%	194.34%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability for the Local Group	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	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 TOWNSHIP 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	\$ 208,263	\$ 233,820	\$ 257,416	\$ 257,758	\$ 294,519	\$ 332,591	\$ 355,690	\$ 294,753	\$ 319,745
Contributions in relation to the Contractually Required Contribution	(208,263)	(233,820)	(257,416)	(257,758)	(294,519)	(332,591)	(355,690)	(294,753)	(319,745)
Contribution Deficiency/(Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 1,980,806	\$ 1,860,159	\$ 1,947,394	\$ 1,941,846	\$ 2,064,194	\$ 1,933,563	\$ 1,836,332	\$ 1,968,911	\$ 1,909,102
Contributions as a percentage of Covered Employee Payroll	10.51%	12.57%	13.22%	13.27%	14.27%	17.20%	19.37%	14.97%	16.75%

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

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST 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	0.0650455218%	0.0632541340%	0.0635981239%	0.0614446201%	0.0607820632%	0.0595930953%	0.0630535908%	0.0618675715%	0.0600936302%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 34,764,714	\$ 39,979,314	\$ 50,030,334	\$ 41,428,178	\$ 38,668,243	\$ 36,572,847	\$ 41,520,031	\$ 29,742,952	\$ 31,004,957
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240	\$ 6,616,454	\$ 6,759,313	\$ 6,929,740	\$ 7,378,988
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of its Covered Employee Payroll	553.45%	636.46%	802.46%	654.83%	612.49%	552.76%	614.26%	429.21%	420.18%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%	24.60%	35.52%	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 TOWNSHIP 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	\$ 1,870,668	\$ 2,441,097	\$ 3,759,083	\$ 2,869,934	\$ 2,254,224	\$ 2,157,164	\$ 2,581,892	\$ 699,865	\$ 834,430
Contributions in relation to the Contractually Required Contribution	(319,023)	(485,030)	(666,965)	(895,105)	(1,172,052)	(1,383,006)	(1,798,416)	(2,473,848)	(2,507,614)
Contribution Deficiency/(Excess)	\$ 1,551,645	\$ 1,956,067	\$ 3,092,118	\$ 1,974,829	\$ 1,082,172	\$ 774,158	\$ 783,476	\$ (1,773,983)	\$ (1,673,184)
District's Covered Employee Payroll	\$ 6,281,501	\$ 6,234,653	\$ 6,326,583	\$ 6,313,240	\$ 6,616,454	\$ 6,759,313	\$ 6,929,740	\$ 7,378,988	\$ 8,137,452
Contributions as a percentage of Covered Employee Payroll	5.08%	7.78%	10.54%	14.18%	17.71%	20.46%	25.95%	33.53%	30.82%

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability:						
Service Cost	\$ 1,371,021	\$ 1,141,866	\$ 1,017,780	\$ 1,103,254	\$ 1,964,589	\$ 1,662,789
Interest Cost	932,769	1,085,666	1,008,930	837,996	877,872	768,786
Changes in Benefit Terms					(36,020)	
Changes in Assumptions	(3,821,120)	(2,914,147)	345,392	7,104,573	33,387	(7,782,077)
Differences between Expected and Actual Experience		(2,772,223)	(3,911,619)	7,339,662	(7,223,601)	1,256,126
Member Contributions	25,168	23,469	21,079	20,523	22,443	24,429
Gross Benefit Payments	(683,489)	(679,040)	(711,096)	(677,110)	(691,517)	(761,505)
Net Change in Total OPEB Liability	(2,175,651)	(4,114,409)	(2,229,534)	15,728,898	(5,052,847)	(4,831,452)
Total OPEB Liability - Beginning	31,684,565	29,508,914	25,394,505	23,164,971	38,893,869	33,841,022
Total OPEB Liability - Ending	\$ 29,508,914	\$ 25,394,505	\$ 23,164,971	\$ 38,893,869	\$ 33,841,022	\$ 29,009,570
State's Covered Employee Payroll *	\$ 8,273,977	\$ 8,255,086	\$ 8,680,648	\$ 8,692,876	\$ 8,766,072	\$ 9,347,899
Total OPEB Liability as a Percentage of Covered Employee Payroll	357%	308%	267%	447%	386%	310%

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

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 for 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 TOWNSHIP 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 TOWNSHIP 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	\$ 17,210,733		\$ 17,210,733	\$ 17,210,733	
Tuition From Individuals	50,000		50,000	641,188	\$ 591,188
Transportation Fees From Other LEAs	1,000,000		1,000,000	2,011,938	1,011,938
Rents and Royalties	8,000		8,000	18,644	10,644
Unrestricted Miscellaneous Revenues	275,000		275,000	89,644	(185,356)
Interest Earned on Maintenance Reserve	125		125	21,361	21,236
Interest Earned on Capital Reserve	125		125	19,735	19,610
Other Restricted Miscellaneous Revenues				47,774	47,774
<b>Total Revenues from Local Sources</b>	<b>18,543,983</b>		<b>18,543,983</b>	<b>20,061,017</b>	<b>1,517,034</b>
Revenues from State Sources:					
Categorical Transportation Aid	198,422		198,422	198,422	
Extraordinary Aid				321,706	321,706
Categorical Special Education Aid	794,939		794,939	794,939	
Categorical Security Aid	60,856		60,856	60,856	
Nonpublic Transportation Aid				27,410	27,410
Securing Our Children's Future Bond Act (Alyssa's Law)				32,518	32,518
COVID-19 Testing Reimbursement				4,031	4,031
State Reimbursement for Lead Testing of Drinking Water				1,250	1,250
TPAF Post Retirement Contributions (Non-Budgeted)				667,883	667,883.00
TPAF Pension Contributions (Non-Budgeted)				2,507,614	2,507,614.00
TPAF Non-Contributory Insurance (Non-Budgeted)				34,790	34,790.00
TPAF Long-Term Disability Insurance (Non-Budgeted)				888	888.00
Reimbursed TPAF Social Security Contributions				582,833	582,833
<b>Total Revenues from State Sources</b>	<b>1,054,217</b>		<b>1,054,217</b>	<b>5,235,140</b>	<b>4,180,923</b>
<b>TOTAL REVENUE</b>	<b>19,598,200</b>		<b>19,598,200</b>	<b>25,296,157</b>	<b>5,697,957</b>

MENDHAM TOWNSHIP 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
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 266,070	\$ (110,835)	\$ 155,235	\$ 155,235	
Kindergarten - Salaries of Teachers	392,737	(43,411)	349,326	349,326	
Grades 1-5 - Salaries of Teachers	2,295,357	(60,556)	2,234,801	2,234,801	
Grades 6-8 - Salaries of Teachers	1,790,279	398,733	2,189,012	2,189,012	
Salaries of Teachers	3,500	(2,352)	1,148	1,148	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	140,274	(40,511)	99,763	99,762	\$ 1
Purchased Professional-Educational Services	68,708	260,326	329,034	329,034	
Purchased Technical Services	5,000	(2,694)	2,306	2,306	
Other Purchased Services (400-500 series)	176,690	(7,596)	169,094	169,027	67
General Supplies	533,634	61,304	594,938	552,916	42,022
Textbooks	76,000	(18,133)	57,867	57,866	1
Other Objects	1,000	(1,000)			
<b>Total Regular Programs - Instruction</b>	<b>5,749,249</b>	<b>433,275</b>	<b>6,182,524</b>	<b>6,140,433</b>	<b>42,091</b>
<b>Special Education - Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	65,255	(3,340)	61,915	53,900	8,015
Other Salaries for Instruction	80,613	(64,172)	16,441	12,974	3,467
General Supplies	1,694	21,291	22,985	189	22,796
<b>Total Learning and/or Language Disabilities</b>	<b>147,562</b>	<b>(46,221)</b>	<b>101,341</b>	<b>67,063</b>	<b>34,278</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,113,784	38,515	1,152,299	1,152,298	1
Other Salaries for Instruction	202,231	(38,515)	163,716	162,103	1,613
General Supplies	1,644		1,644	1,029	615
<b>Total Resource Room/Resource Center</b>	<b>1,317,659</b>		<b>1,317,659</b>	<b>1,315,430</b>	<b>2,229</b>

MENDHAM TOWNSHIP 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
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 157,535	\$ (3,731)	\$ 153,804	\$ 153,804	
Other Salaries for Instruction	28,833	4,740	33,573	33,572	\$ 1
Purchased Professional-Educational Services	182,685	(104,278)	78,407	78,406	1
General Supplies	1,126	4,756	5,882	709	5,173
Total Preschool Disabilities - Full-Time	370,179	(98,513)	271,666	266,491	5,175
Home Instruction:					
Salaries of Teachers	3,500	(3,100)	400		400
Other Purchased Services (400-500 series)	5,000	(2,000)	3,000		3,000
Total Home Instruction	8,500	(5,100)	3,400		3,400
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,843,900	(149,834)	1,694,066	1,648,984	45,082
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	246,615	(107,040)	139,575	139,575	
General Supplies	500		500	330	170
Total Basic Skills/Remedial - Instruction	247,115	(107,040)	140,075	139,905	170
Bilingual Education - Instruction:					
Salaries of Teachers	5,671		5,671	5,671	
Total Bilingual Education - Instruction	5,671		5,671	5,671	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	137,864	(5,526)	132,338	132,337	1
Purchased Services (300-500 series)	361	3,515	3,876	3,875	1
Supplies and Materials	10,796	7,102	17,898	17,897	1
Other Objects	6,869	(2,058)	4,811	4,811	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	155,890	3,033	158,923	158,920	3

MENDHAM TOWNSHIP 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
School-Sponsored Athletics - Instruction:					
Salaries	\$ 65,593	\$ (27,883)	\$ 37,710	\$ 37,710	
Purchased Services (300-500 series)	20,935	12,450	33,385	33,383	\$ 2
Supplies and Materials	6,224	13,963	20,187	20,187	
Other Objects	2,410	12,773	15,183	15,183	
Total School-Sponsored Athletics - Instruction	<u>95,162</u>	<u>11,303</u>	<u>106,465</u>	<u>106,463</u>	<u>2</u>
Summer School - Instruction:					
Salaries of Teachers	20,150	4,757	24,907	24,907	
Other Salaries of Instruction	12,000	(5,889)	6,111	6,111	
Purchased Professional & Technical Services	26,558	(7,334)	19,224	18,736	488
Total Summer School - Instruction	<u>58,708</u>	<u>(8,466)</u>	<u>50,242</u>	<u>49,754</u>	<u>488</u>
<b>TOTAL INSTRUCTION</b>	<u>8,155,695</u>	<u>182,271</u>	<u>8,337,966</u>	<u>8,250,130</u>	<u>87,836</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	157,667	(25,618)	132,049	131,990	59
Tuition to Priv. Sch. for the Handicap. W/I State	124,795	(49,237)	75,558	66,443	9,115
Total Undistributed Expenditures - Instruction	<u>282,462</u>	<u>(74,855)</u>	<u>207,607</u>	<u>198,433</u>	<u>9,174</u>
Undistributed Expend. - Attend. & Social Work:					
Salaries	55,126		55,126	55,126	
Purchased Professional and Technical Services	11,560	(5,282)	6,278	6,277	1
Other Purchased Services (400-500 series)	19,000	(6,759)	12,241	10,741	1,500
Supplies and Materials	500	(370)	130	130	
Total Undist. Expend. - Attendance and Social Work	<u>86,186</u>	<u>(12,411)</u>	<u>73,775</u>	<u>72,144</u>	<u>1,631</u>
Undistributed Expenditures - Health Services:					
Salaries	128,309	1,350	129,659	129,585	74
Purchased Professional and Technical Services	9,100	21,452	30,552	30,552	
Other Purchased Services (400-500 series)	1,540	(494)	1,046	772	274
Supplies and Materials	6,029	(766)	5,263	5,084	179
Total Undist. Expenditures - Health Services	<u>144,978</u>	<u>21,542</u>	<u>166,520</u>	<u>165,993</u>	<u>527</u>

MENDHAM TOWNSHIP 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. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 157,533		\$ 157,533	\$ 157,410	\$ 123
Purchased Professional - Educational Services	50,000	\$ (43,665)	6,335	6,335	
Supplies and Materials	1,000	1,370	2,370	2,287	83
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>208,533</u>	<u>(42,295)</u>	<u>166,238</u>	<u>166,032</u>	<u>206</u>
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	115,854	2,414	118,268	117,963	305
Purchased Professional - Educational Services	127,080	45,635	172,715	172,714	1
Supplies and Materials	1,500	(414)	1,086	190	896
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	<u>244,434</u>	<u>47,635</u>	<u>292,069</u>	<u>290,867</u>	<u>1,202</u>
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	174,214	15,757	189,971	189,819	152
Salaries of Secretarial and Clerical Assistants	54,787	8,736	63,523	63,523	
Purchased Professional - Educational Services	500	(200)	300	276	24
Other Purchased Services (400-500 series)	13,922	4,030	17,952	14,708	3,244
Supplies and Materials	5,161	170	5,331	2,792	2,539
Other Objects	150	(150)			
Total Undist Expend. - Guidance	<u>248,734</u>	<u>28,343</u>	<u>277,077</u>	<u>271,118</u>	<u>5,959</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	361,508	(48,447)	313,061	311,111	1,950
Salaries of Secretarial and Clerical Assistants	45,000	6,348	51,348	51,348	
Other Purchased Prof. and Tech. Services	5,000	285	5,285	5,069	216
Other Purchased Services (400-500 series)	9,450	(2,700)	6,750	6,073	677
Supplies and Materials	10,526	2,415	12,941	12,672	269
Other Objects	1,295		1,295	1,230	65
Total Undist Expend. - Child Study Team	<u>432,779</u>	<u>(42,099)</u>	<u>390,680</u>	<u>387,503</u>	<u>3,177</u>

MENDHAM TOWNSHIP 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.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	\$ 213,320	\$ 28,644	\$ 241,964	\$ 241,964	
Other Salaries		8,000	8,000	8,000	
Purchased Professional - Educational Services	6,000	(6,000)			
Other Purchased Services (400-500 series)		17,320	17,320	17,320	
Supplies and Materials	13,485	(3,000)	10,485	10,485	
Total Undist. Expend.-Improv. of Inst. Serv.	232,805	44,964	277,769	277,769	
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	161,897	5,976	167,873	167,873	
Salaries of Technology Coordinators	119,783	325	120,108	120,107	\$ 1
Purchased Professional and Technical Services	6,855	(4,317)	2,538	2,307	231
Other Purchased Services (400-500 series)	8,929	(8,929)			
Supplies and Materials	18,960	5,208	24,168	23,008	1,160
Total Undist Expend-Edu. Media Serv./Sch. Library	316,424	(1,737)	314,687	313,295	1,392
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	6,000	1,737	7,737	3,737	4,000
Total Undist.Expend.-Instructional Staff Training Services	6,000	1,737	7,737	3,737	4,000
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	344,718	9,269	353,987	353,986	1
Legal Services	10,000	37,706	47,706	24,671	23,035
Audit Fees	30,500	4,500	35,000	35,000	
Architectural/Engineering Services	35,000	(25,457)	9,543		9,543
Other Purchased Professional Services	13,525	39,086	52,611	52,011	600
Communications / Telephone	41,900	13,713	55,613	51,960	3,653
BOE Other Purchased Services	1,500	1,727	3,227	3,227	
Other Purch. Serv. (400-500 series other than 530 & 585)	15,720	13,805	29,525	29,524	1
General Supplies	4,335	(169)	4,166	4,166	
BOE In-house training/ Meeting Supplies	500	(243)	257	257	
Miscellaneous Expenditures	7,010	2,939	9,949	9,948	1
BOE Membership Dues and Fees	7,700	310	8,010	8,009	1
Total Undist. Expend.-Support Serv.-Gen. Admin.	512,408	97,186	609,594	572,759	36,835



MENDHAM TOWNSHIP 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.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 342,768	\$ 17,467	\$ 360,235	\$ 360,234	\$ 1
Salaries of Other Professional Staff	31,159	14,282	45,441	45,440	1
Salaries of Secretarial and Clerical Assistants	108,663	6,869	115,532	115,532	
Purchased Professional and Technical Services	3,223	(1,221)	2,002	2,002	
Other Purchased Services (400-500 series)	8,000	(4,915)	3,085	3,084	1
Supplies and Materials	13,186	(3,887)	9,299	9,298	1
Other Objects	2,580	(386)	2,194	2,193	1
<b>Total Undist. Expend.-Support Serv.-School Adm.</b>	<b>509,579</b>	<b>28,209</b>	<b>537,788</b>	<b>537,783</b>	<b>5</b>
Undist. Expend. - Central Services:					
Salaries	246,288	14,730	261,018	261,017	1
Purchased Professional Services	29,592	(2,156)	27,436	27,435	1
Miscellaneous Purchased Services (400-500 series other than 594)	3,700	(583)	3,117	3,116	1
Supplies and Materials	5,712	(145)	5,567	5,567	
Other Objects	2,090	(1,100)	990	990	
<b>Total Undist. Expend. - Central Services</b>	<b>287,382</b>	<b>10,746</b>	<b>298,128</b>	<b>298,125</b>	<b>3</b>
Undist. Expend. - Admin. Info. Technology:					
Other Purchased Services (400-500 series)	4,000	1,773	5,773	99	5,674
Supplies and Materials	5,405	(864)	4,541	4,540	1
<b>Total Undist. Expend. - Admin. Info. Technology</b>	<b>9,405</b>	<b>909</b>	<b>10,314</b>	<b>4,639</b>	<b>5,675</b>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	129,489	174,695	304,184	304,183	1
Cleaning, Repair, and Maintenance Services	250,000	14,232	264,232	237,584	26,648
General Supplies	57,384	65,868	123,252	46,650	76,602
<b>Total Undist. Expend.- Required Maint. for School Facilities</b>	<b>436,873</b>	<b>254,795</b>	<b>691,668</b>	<b>588,417</b>	<b>103,251</b>

MENDHAM TOWNSHIP 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.-Custodial Services:					
Salaries	\$ 455,821	\$ (82,059)	\$ 373,762	\$ 373,654	\$ 108
Salaries of Non-Instructional Aides	29,100	(29,100)			
Purchased Professional and Technical Services	30,800	(2,800)	28,000	27,978	22
Cleaning, Repair, and Maintenance Services	25,000	(20,989)	4,011	4,011	
Other Purchased Property Services	28,600	4,195	32,795	32,795	
Insurance	133,689	30,751	164,440	164,440	
Miscellaneous Purchased Services	5,000	(3,917)	1,083	1,083	
General Supplies	48,985	(911)	48,074	47,999	75
Energy (Natural Gas)	100,400	(13,187)	87,213	87,168	45
Energy (Electricity)	258,671	(8,350)	250,321	250,292	29
Energy (Gasoline)	4,700	(2,300)	2,400	2,396	4
Other Objects	960	633	1,593	1,592	1
Total Undist. Expend.-Custodial Services	1,121,726	(121,034)	1,000,692	1,000,408	284
Care and Upkeep of Grounds:					
Salaries	127,711	(56,948)	70,763	70,762	1
Cleaning, Repair, and Maintenance Services	23,000	16,891	39,891	39,891	
General Supplies	10,374	100,317	110,691	15,278	95,413
Total Care And Upkeep Of Grounds	161,085	60,260	221,345	125,931	95,414
Security:					
Purchased Professional and Technical Services	3,000	24,834	27,834	27,829	5
Cleaning, Repair, and Maintenance Services	3,000	(3,000)			
General Supplies	3,000	(560)	2,440	2,440	
Total Security	9,000	21,274	30,274	30,269	5
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,728,684	215,295	1,943,979	1,745,025	198,954

MENDHAM TOWNSHIP 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.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	\$ 1,251,677	\$ 50,385	\$ 1,302,062	\$ 1,302,061	\$ 1
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	184,294	(29,623)	154,671	154,670	1
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	105,548	(52,362)	53,186	53,186	
Sal. For Pupil Trans. (Bet. Home & Sch) Non Public	35,864		35,864	35,856	8
Management Fee - ESC&CTSA Transportation Program	4,000	(1,953)	2,047	2,047	
Cleaning, Repair, and Maint. Services	357,843	193,213	551,056	358,378	192,678
Lease Purchase Payments - School Buses	695,562	(83,235)	612,327	612,327	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	65,000	23,129	88,129	81,595	6,534
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	1,000	(974)	26		26
Contract. Serv.(Reg. Students)-ESCs & CTSAs	14,840	(10,138)	4,702	4,701	1
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	124,500	(32,515)	91,985	91,985	
Misc. Purchased Serv. - Transportation	16,750	20,401	37,151	37,151	
Transportation Supplies	166,334	54,054	220,388	200,841	19,547
Other Objects	4,500	168	4,668	4,668	
Total Undist. Expend.-Student Trans. Serv.	3,027,712	130,550	3,158,262	2,939,466	218,796
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Social Security Contributions	396,136	(49,008)	347,128	347,128	
Tuition Reimbursement	60,000	(3,189)	56,811	56,641	170
Total Regular Programs - Instruction	456,136	(52,197)	403,939	403,769	170
TOTAL ALLOCATED BENEFITS	456,136	(52,197)	403,939	403,769	170
UNALLOCATED BENEFITS					
Other Retirement Contributions - PERS	397,324	(76,905)	320,419	319,745	674
Other Retirement Contributions - Regular		36,413	36,413	36,413	
Unemployment Compensation	10,000	(9,740)	260		260
Workers Compensation	200,370	(65,854)	134,516	134,516	
Health Benefits	3,156,698	(369,537)	2,787,161	2,785,973	1,188
Other Employee Benefits	754,881	1,830	756,711	756,711	
TOTAL UNALLOCATED BENEFITS	4,519,273	(483,793)	4,035,480	4,033,358	2,122

MENDHAM TOWNSHIP 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
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)		\$ 667,883	\$ 667,883	\$ (667,883)	
TPAF Pension Contributions (Non-Budgeted)		2,507,614	2,507,614	(2,507,614)	
TPAF Non-Contributory Insurance (Non-Budgeted)		34,790	34,790	(34,790)	
TPAF Long-Term Disability Insurance (Non-Budgeted)		888	888	(888)	
Reimbursed TPAF Social Security Contributions		582,833	582,833	(582,833)	
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			3,794,008	(3,794,008)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 4,975,409	\$ (535,990)	\$ 4,439,419	8,231,135	(3,791,716)
TOTAL UNDISTRIBUTED EXPENDITURES	13,253,914	(82,271)	13,171,643	16,475,823	(3,304,180)
TOTAL GENERAL CURRENT EXPENSE	21,409,609	100,000	21,509,609	24,725,953	(3,216,344)
CAPITAL OUTLAY					
Equipment					
Undist. Expend. - Required Maint for School Fac.	52,856	(52,856)			
Total Equipment	52,856	(52,856)			
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	61,715		61,715	61,715	
Total Facilities Acquisition and Const. Serv.	61,715		61,715	61,715	
TOTAL CAPITAL OUTLAY	114,571	(52,856)	61,715	61,715	
TOTAL EXPENDITURES	21,524,180	47,144	21,571,324	24,787,668	(3,216,344)

MENDHAM TOWNSHIP 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
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (1,925,980)	\$ (47,144)	\$ (1,973,124)	\$ 508,489	2,481,613
Other Financing Sources/(Uses):					
Transfer to Food Service Enterprise Fund - Capital Contribution	(100,000)	(52,856)	(52,856)	(52,856)	
Capital Reserve - Transfer to Debt Service Fund	(100,000)		(100,000)	(100,000)	
Total Other Financing Sources/(Uses)	(100,000)	(52,856)	(152,856)	(152,856)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,025,980)	(100,000)	(2,125,980)	355,633	2,481,613
Fund Balance, July 1	6,638,650		6,638,650	6,638,650	
Fund Balance, June 30	<u>\$ 4,612,670</u>	<u>\$ (100,000)</u>	<u>\$ 4,512,670</u>	<u>\$ 6,994,283</u>	<u>\$ 2,481,613</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 1,034,162	
Excess Surplus - Restricted For 2024-2025				1,034,162	
Excess Surplus - Restricted For 2023-2024				2,575,718	
Capital Reserve				926,840	
Maintenance Reserve				111,529	
Unemployment Compensation				542,883	
Assigned Fund Balance:				768,989	
Year End Encumbrances				6,994,283	
Unassigned Fund Balance				(99,251)	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>\$ 6,895,032</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,895,032</u>	

MENDHAM TOWNSHIP 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
<b>REVENUES:</b>					
Local Sources		\$ 177,952	\$ 177,952	\$ 191,552	\$ 13,600
Federal Sources	\$ 130,000	458,123	588,123	460,421	(127,702)
<b>Total Revenues</b>	<b>130,000</b>	<b>636,075</b>	<b>766,075</b>	<b>651,973</b>	<b>(114,102)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		15,050	15,050	15,050	
Purchased Professional and Technical Services	10,000	2,602	12,602	12,602	
Other Purchased Services		31,381	31,381	31,381	
Tuition	120,000	30,920	150,920	150,920	
General Supplies		76,851	76,851	3,920	72,931
<b>Total Instruction</b>	<b>130,000</b>	<b>156,804</b>	<b>286,804</b>	<b>213,873</b>	<b>72,931</b>
Support Services:					
Personal Services - Employee Benefits		6,030	6,030	6,030	
Purchased Professional and Technical Services		49,242	49,242	50,505	(1,263)
Other Purchased Professional Services				5,070	(5,070)
Supplies and Materials		126,429	126,429	78,925	47,504
Other Objects		40,500	40,500	40,500	
Student Activities		187,134	187,134	187,134	
<b>Total Support Services</b>		<b>409,335</b>	<b>409,335</b>	<b>368,164</b>	<b>41,171</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment		79,118	79,118	79,118	
<b>Total Facilities Acquisition and Construction Services</b>		<b>79,118</b>	<b>79,118</b>	<b>79,118</b>	
<b>Total Expenditures</b>	<b>\$ 130,000</b>	<b>\$ 645,257</b>	<b>\$ 775,257</b>	<b>\$ 661,155</b>	<b>\$ 114,102</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ (9,182)</b>	<b>\$ (9,182)</b>	<b>\$ (9,182)</b>	<b>\$ - 0 -</b>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,296,157	\$ 651,973
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(144,768)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	79,081	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(99,251)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 25,275,987	\$ 507,205
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 24,787,668	\$ 661,155
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.		(144,768)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 24,787,668	\$ 516,387

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)



SPECIAL REVENUE FUND

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

	I.D.E.A. Part B		ARP - I.D.E.A. Part B		E.S.E.A Title II Part A
	Basic	Preschool	Basic	Preschool	
<b>REVENUES:</b>					
Local Sources	\$ 171,420	\$ 9,921	\$ 31,381	\$ 2,681	\$ 9,695
Federal Sources	171,420	9,921	31,381	2,681	9,695
<b>Total Revenues</b>					
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services		9,921		2,681	
Other Purchased Services			31,381		
Tuition	150,920				
General Supplies					
<b>Total Instruction</b>	<b>150,920</b>	<b>9,921</b>	<b>31,381</b>	<b>2,681</b>	
Support Services:					
Personal Services - Employee Benefits					9,695
Purchased Professional and Technical Services					
Other Purchased Professional Services					
Supplies and Materials	20,500				
Other Objects					
Student Activities					
<b>Total Support Services</b>	<b>20,500</b>				<b>9,695</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 171,420</b>	<b>\$ 9,921</b>	<b>\$ 31,381</b>	<b>\$ 2,681</b>	<b>\$ 9,695</b>

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

	ESSER II					Totals
	Learning Acceleration	Mental Health	ARP Non-Title I	Local Grants	Student Activities	
<b>REVENUES:</b>						
Local Sources				\$ 13,600	\$ 177,952	\$ 191,552
Federal Sources	\$ 25,000	\$ 45,000	\$ 165,323			\$ 460,421
Total Revenues	25,000	45,000	165,323	13,600	177,952	651,973
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	15,050					15,050
Purchased Professional and Technical Services						12,602
Other Purchased Services						31,381
Tuition						150,920
General Supplies	3,920					3,920
Total Instruction	18,970					213,873
Support Services:						
Personal Services - Employee Benefits	6,030					6,030
Purchased Professional and Technical Services		4,500	33,810	2,500		50,505
Other Purchased Professional Services				5,070		5,070
Supplies and Materials			52,395	6,030		78,925
Other Objects		40,500				40,500
Student Activities					187,134	187,134
Total Support Services	6,030	45,000	86,205	13,600	187,134	368,164
Facilities Acquisition and Construction Services:						
Instructional Equipment			79,118			79,118
Total Facilities Acquisition and Construction Services			79,118			79,118
Total Expenditures	\$ 25,000	\$ 45,000	\$ 165,323	\$ 13,600	\$ 187,134	\$ 661,155

CAPITAL PROJECTS FUND

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

Revenue and Other Financing Sources:	
Interest on Investments	\$ 449,429
	<u>449,429</u>
Total Revenue and Other Financing Sources	<u>449,429</u>
Expenditures:	
Legal Services	6,153
Purchased Professional and Technical Services	989,277
Construction Services	544,406
	<u>1,539,836</u>
Total Expenditures	<u>1,539,836</u>
Other Financing Uses:	
Operating Transfer Out - Debt Service Fund	449,429
	<u>449,429</u>
Total Other Financing Uses	<u>449,429</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Sources(Uses)	<u>(1,539,836)</u>
Fund Balance - Beginning of Year	<u>19,722,882</u>
Fund Balance - End of Year	<u>\$ 18,183,046</u>
<u>Recapitulation:</u>	
Restricted for Year-End Encumbrances	\$ 1,690,690
Restricted	16,492,356
	<u>18,183,046</u>
Fund Balance per Governmental Funds Budgetary/GAAP Basis	<u>\$ 18,183,046</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
2022 REFERENDUM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 19,903,000		\$ 19,903,000	\$ 19,903,197
Total Revenue and Other Financing Sources	19,903,000		19,903,000	19,903,197
Expenditures:				
Legal Services	28,114	\$ 6,153	34,267	29,714
Purchased Professional and Technical Services	152,004	989,277	1,141,281	1,486,624
Construction Services		544,406	544,406	18,386,859
Total Expenditures	180,118	1,539,836	1,719,954	19,903,197
Excess of Revenue and Other Financing Sources over Expenditures	\$ 19,722,882	\$ (1,539,836)	\$ 18,183,046	\$ - 0 -

Additional Project Information:

Project Number	3100-XXX-21-XXXX
Grant Date	N/A
Bond Authorization Date	02/15/22
Bonds Authorized	\$ 19,903,197
Bonds Issued	\$ 19,903,000
Original Authorized Cost	\$ 19,903,197
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	9%
Original Target Completion Date	06/30/24
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

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

	<u>Non-Major Funds</u>		Enterprise
	<u>Middle School Play</u>	<u>Food Service</u>	<u>Funds Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 10,923	\$ 48,957	\$ 59,880
Interfund Accounts Receivable		1,549	1,549
Inventories		7,202	7,202
	<u>10,923</u>	<u>57,708</u>	<u>68,631</u>
Non-Current Assets:			
Capital Assets		141,035	141,035
Less: Accumulated Depreciation		<u>(57,848)</u>	<u>(57,848)</u>
		<u>83,187</u>	<u>83,187</u>
Total Assets	<u>10,923</u>	<u>140,895</u>	<u>151,818</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue - Prepaid Meals		<u>15,344</u>	<u>15,344</u>
Total Current Liabilities		<u>15,344</u>	<u>15,344</u>
<b>NET POSITION:</b>			
Investment in Capital Assets		83,187	83,187
Unrestricted	<u>10,923</u>	<u>42,364</u>	<u>53,287</u>
Total Net Position	<u>\$ 10,923</u>	<u>\$ 125,551</u>	<u>\$ 136,474</u>



MENDHAM TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Funds</u>		<u>Enterprise</u>
	<u>Middle School</u>	<u>Food</u>	<u>Funds</u>
	<u>Play</u>	<u>Service</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Meals		\$ 388,122	\$ 388,122
Charges for Services:			
Program Fees	\$ 21,674		21,674
Total Operating Revenue	<u>21,674</u>	<u>388,122</u>	<u>409,796</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		183,172	183,172
Salaries, Benefits & Payroll Taxes		121,003	121,003
Supplies, Insurance & Other Costs		35,501	35,501
Management Fee		25,000	25,000
Miscellaneous	20,067		20,067
Depreciation Expense		4,961	4,961
Total Operating Expenses	<u>20,067</u>	<u>369,637</u>	<u>389,704</u>
Operating Income/(Loss)	1,607	18,485	20,092
Non-Operating Revenue:			
Local Sources:			
Interest Income	245	2,207	2,452
Total Non-Operating Revenue	<u>245</u>	<u>2,207</u>	<u>2,452</u>
Change in Net Position	1,852	20,692	22,544
Other Items:			
Contribution of Capital Assets from General Fund		52,856	52,856
Total Other Items		<u>52,856</u>	<u>52,856</u>
Change in Net Position After Other Items	1,852	73,548	75,400
Net Position - Beginning of Year	<u>9,071</u>	<u>52,003</u>	<u>61,074</u>
Net Position - End of Year	<u>\$ 10,923</u>	<u>\$ 125,551</u>	<u>\$ 136,474</u>

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

	Non-Major Funds		Enterprise Funds Total
	Middle School Play	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 21,674	\$ 391,727	\$ 413,401
Payments for Programs	(20,067)		(20,067)
Payments to Food Service Vendor		(366,345)	(366,345)
Net Cash Provided by/(Used for) Operating Activities	<u>1,607</u>	<u>25,382</u>	<u>26,989</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	245	2,207	2,452
Net Cash Provided by Investing Activities	<u>245</u>	<u>2,207</u>	<u>2,452</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets		(14,601)	(14,601)
Net Cash Used for Capital and Related Financing Activities		<u>(14,601)</u>	<u>(14,601)</u>
Net Cash Provided by Noncapital Financing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>1,852</u>	<u>12,988</u>	<u>14,840</u>
Cash and Cash Equivalents, July 1	<u>9,071</u>	<u>35,969</u>	<u>45,040</u>
Cash and Cash Equivalents, June 30	<u>\$ 10,923</u>	<u>\$ 48,957</u>	<u>\$ 59,880</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used) for Operating Activities:			
Operating Income/(Loss)	\$ 1,607	\$ 18,485	\$ 20,092
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		4,961	4,961
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory		(1,669)	(1,669)
Increase/(Decrease) in Unearned Revenue		3,605	3,605
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 1,607</u>	<u>\$ 25,382</u>	<u>\$ 26,989</u>

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG TERM LIABILITIES  
STATEMENT OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Retired or Matured	Balance July 1, 2022	Balance June 30, 2023
			Date	Outstanding June 30, 2023 Amount	Interest Rate	Balance July 1, 2022			
Refunding School Bonds	11/09/11	6,555,000	04/01/23	\$ 720,000	4.0%	\$ 720,000	\$ 720,000		
School Bonds, Series 2022	03/30/22	19,903,000	08/01/23	1,033,000	2.00%		19,903,000	\$ 19,903,000	
			08/01/24	855,000	2.00%				
			08/01/25	875,000	2.00%				
			08/01/26	885,000	2.00%				
			08/01/27	910,000	2.00%				
			08/01/28	925,000	2.00%				
			08/01/29	950,000	2.50%				
			08/01/30	970,000	2.50%				
			08/01/31	1,000,000	2.50%				
			08/01/32	1,025,000	2.50%				
			08/01/33	1,050,000	2.50%				
			08/01/34	1,075,000	2.50%				
			08/01/35	1,100,000	2.75%				
			08/01/36	1,125,000	2.75%				
			08/01/37	1,160,000	2.75%				
			08/01/38	1,200,000	2.75%				
			08/01/39	1,220,000	2.75%				
			08/01/40	1,255,000	2.75%				
			08/01/41	1,290,000	2.75%				
							\$ 20,623,000	\$ 19,903,000	

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Purpose	Original Issue	Interest Rate	Balance July 1, 2022	Retired	Balance June 30, 2023
2018 BlueBird 54 Passenger Bus	\$ 198,600	3.385%	\$ 41,204	\$ 41,204	
2019 BlueBird 54 Passenger Bus	188,500	2.190%	76,231	37,703	\$ 38,528
2020 BlueBird 54 Passenger Bus	414,332	2.270%	248,955	81,129	167,826
			<u>\$ 366,390</u>	<u>\$ 160,036</u>	<u>\$ 206,354</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
2018 Savin Copier C3504	5.27%	\$ 13,080	\$ 861	\$ 861	
Savin 7503 and 4055 Digital Copiers	3.83%	82,719	18,086	18,086	
2022 Savin Copier	3.45%	97,836	<u>90,433</u>	<u>18,296</u>	<u>\$ 72,137</u>
			<u>\$ 109,380</u>	<u>\$ 37,243</u>	<u>\$ 72,137</u>

MENDHAM TOWNSHIP SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED  
INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,089,930		\$ 1,089,930	\$ 1,089,930	
Total Revenues	1,089,930		1,089,930	1,089,930	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	469,930		469,930	469,930	
Redemption of Principal	720,000		720,000	720,000	
Total Regular Debt Service	1,189,930		1,189,930	1,189,930	
Total Expenditures	1,189,930		1,189,930	1,189,930	
(Deficit) of Revenues (Under) Expenditures	(100,000)		(100,000)	(100,000)	
Other Financing Sources:					
Transfers In - Capital Reserve	100,000		100,000	100,000	
Transfers In - Capital Projects Fund - Interest Earnings				449,429	\$ 449,429
Total Other Financing Sources	100,000		100,000	549,429	449,429
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures				449,429	449,429
Fund Balance, July 1	12,037		12,037	12,037	
Fund Balance, June 30	\$ 12,037	\$ - 0 -	\$ 12,037	\$ 461,466	\$ 449,429
<u>Recapitulation:</u>					
Restricted Fund Balance				\$ 461,466	

**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**

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

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 11,678,389	\$ 12,026,347	\$ 12,714,846	\$ 13,002,974	\$ 11,393,587	\$ 12,166,320	\$ 12,533,521	\$ 12,719,795	\$ 13,148,798	\$ 13,495,176
Restricted	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808	6,210,594
Unrestricted/(Deficit)	(95,288)	(4,921,355)	(5,876,520)	(5,810,621)	(6,089,767)	(6,129,919)	(6,229,393)	(4,789,486)	(4,096,711)	(4,087,010)
<b>Total Governmental Activities</b>	<b>\$ 13,552,328</b>	<b>\$ 8,285,924</b>	<b>\$ 9,268,116</b>	<b>\$ 10,473,724</b>	<b>\$ 8,083,383</b>	<b>\$ 8,264,654</b>	<b>\$ 9,419,259</b>	<b>\$ 11,848,269</b>	<b>\$ 13,880,895</b>	<b>\$ 15,618,760</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 49,625	\$ 42,440	\$ 39,987	\$ 43,094	\$ 69,763	\$ 65,572	\$ 30,627	\$ 25,873	\$ 20,692	\$ 83,187
Unrestricted/(Deficit)	332,252	562,790	830,557	(143,118)	55,255	60,445	49,318	29,079	40,382	53,287
<b>Total Business-Type Activities/(Deficit)</b>	<b>\$ 381,877</b>	<b>\$ 605,230</b>	<b>\$ 870,544</b>	<b>\$ (100,024)</b>	<b>\$ 125,018</b>	<b>\$ 126,017</b>	<b>\$ 79,945</b>	<b>\$ 54,952</b>	<b>\$ 61,074</b>	<b>\$ 136,474</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 11,728,014	\$ 12,068,787	\$ 12,754,833	\$ 13,046,068	\$ 11,463,350	\$ 12,231,892	\$ 12,564,148	\$ 12,745,668	\$ 13,169,490	\$ 13,578,363
Restricted	1,969,227	1,180,932	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808	6,210,594
Unrestricted/(Deficit)	236,964	(4,358,565)	(5,045,963)	(5,953,739)	(6,034,512)	(6,069,474)	(6,180,075)	(4,760,407)	(4,056,329)	(4,033,723)
<b>Total District Net Position</b>	<b>\$ 13,934,205</b>	<b>\$ 8,891,154</b>	<b>\$ 10,138,660</b>	<b>\$ 10,373,700</b>	<b>\$ 8,208,401</b>	<b>\$ 8,390,671</b>	<b>\$ 9,499,204</b>	<b>\$ 11,903,221</b>	<b>\$ 13,941,969</b>	<b>\$ 15,755,234</b>

Source: Mendham Township School District Financial records.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 6,155,762	\$ 6,104,125	\$ 6,313,306	\$ 6,658,674	\$ 8,986,674	\$ 8,307,563	\$ 8,258,757	\$ 9,390,165	\$ 9,278,790	\$ 9,537,837
Special Education	1,290,977	1,364,647	1,492,497	1,594,096	2,777,430	2,633,503	2,821,994	2,793,433	2,826,426	2,672,645
Other Special Education	334,233	349,116	362,199	387,201						
Other Instruction	262,969	280,353	330,098	297,251	686,536	532,454	643,700	392,749	249,626	271,688
School - Sponsored Instruction					95,963	203,760	248,689	214,180	241,469	315,137
Support Services:										
Tuition	269,623	484,355	627,038	239,943	199,346	279,052	266,576	140,074	298,248	198,433
Student and Instruction Related Services	1,928,462	2,028,083	1,946,654	1,993,151	2,993,835	2,859,598	2,370,468	2,125,288	2,382,548	2,726,005
General Administrative Services	611,498	713,418	634,217	668,166	708,975	653,455	736,119	788,998	903,932	843,287
School Administrative Services	958,830	818,574	787,022	835,610	1,144,566	1,077,501	845,071	738,557	746,989	772,719
Central Services	301,603	304,689	293,257	278,549	433,729	434,052	479,544	512,226	498,016	467,854
Plant Operations and Maintenance	2,311,829	2,283,844	2,430,491	2,583,776	2,267,846	2,385,403	2,124,534	2,417,024	2,601,587	2,886,354
Pupil Transportation	2,396,188	2,696,545	2,641,080	2,619,195	2,256,004	2,365,703	2,310,152	2,441,564	3,040,053	3,032,201
Unallocated Employee Benefits	(1,634)	111,689	(44,112)	667,857						
Unallocated Depreciation					5,027	6,214	6,439	9,182	8,754	8,433
Charter Schools				50,360	20,954		17,930			
Capital Outlay					314,714	61,715	61,355	94,233	104,713	61,715
Interest on Long-Term Debt	364,000	333,386	302,485	270,936	244,899	191,521	146,157	111,711	196,441	549,079
Total Governmental Activities Expenses	17,184,340	17,872,824	18,116,232	19,144,765	23,136,074	21,991,494	21,337,485	22,169,384	23,377,592	24,343,387
Business-Type Activities:										
Food Service	301,289	375,445	292,935	280,416	316,065	319,648	240,837	84,740	259,798	368,030
Enrichment Program	55,762	98,249	32,517	24,908	26,235					
Preschool Program	147,215	204,221	38,636	2,964	104,165	336,623				
2 Year Old Program					85,311	95,613				
Middle School Play					26,178	47,526	10,678	3,720	38,759	21,674
Total Business-Type Activities Expense	504,266	677,915	364,088	308,288	557,954	799,410	251,515	88,460	298,557	389,704
Total District Expenses	\$ 17,688,606	\$ 18,550,739	\$ 18,480,320	\$ 19,453,053	\$ 23,694,028	\$ 22,790,904	\$ 21,589,000	\$ 22,257,844	\$ 23,676,149	\$ 24,733,091
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition										
Student & Instruction Related Services				\$ 63,384	\$ 45,525	\$ 78,814	\$ 434,343	\$ 360,936	\$ 512,625	\$ 641,188
Plant Operations and Maintenance			11,759					58,126	98,163	191,552
Pupil Transportation	\$ 791,006	\$ 791,999	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389	2,011,938
Operating Grants and Contributions	1,386,134	1,527,454	1,789,617	1,863,123	6,207,991	5,099,924	4,376,337	5,048,280	4,845,720	4,247,959
Total Governmental Activities Program Revenues	2,177,140	2,319,453	2,605,503	2,730,866	7,067,507	6,129,744	6,006,973	6,803,343	7,124,897	7,092,637

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Program Revenues:</b>										
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	\$ 267,096	\$ 285,249	\$ 299,975	\$ 298,406	\$ 319,700	\$ 318,315	\$ 229,617	\$ 59,575	\$ 273,764	\$ 389,729
Enrichment Program	69,234	81,077	71,707	139,185	153	338,872	91,004			
Preschool Program	147,925	168,615	217,560	217,719	298,776	91,277	20,759	6,120	30,756	20,067
2 Year Old Program										
Middle School Play										
Operating Grants and Contributions	4,694	5,486	3,734	3,729	3,546	798,914	235,737	63,367	304,520	409,796
Total Business-Type Activities Program Revenues	\$ 488,949	\$ 540,427	\$ 592,976	\$ 659,039	\$ 734,211	\$ 6,928,658	\$ 6,242,710	\$ 6,866,710	\$ 7,429,417	\$ 7,502,433
Total District Program Revenues	\$ 2,666,089	\$ 2,859,880	\$ 3,198,479	\$ 3,389,905	\$ 7,801,718	\$ 15,346,246	\$ 15,330,512	\$ (15,366,041)	\$ (16,252,695)	\$ (17,250,750)
<b>Net (Expense)/Revenue:</b>	\$ (15,007,200)	\$ (15,553,371)	\$ (15,510,729)	\$ (16,413,899)	\$ (16,068,567)	\$ (15,861,750)	\$ (15,778)	\$ (25,093)	\$ 5,963	\$ 20,092
Governmental Activities	(15,317)	(137,488)	228,888	350,751	176,257	(496)	(15,778)	(25,093)	5,963	20,092
Business-Type Activities	\$ (15,022,517)	\$ (15,690,859)	\$ (15,281,841)	\$ (16,063,148)	\$ (15,892,310)	\$ (15,862,246)	\$ (15,346,290)	\$ (15,391,134)	\$ (16,246,732)	\$ (17,230,658)
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	\$ 13,895,226	\$ 14,132,426	\$ 14,382,115	\$ 14,367,805	\$ 14,645,103	\$ 14,762,364	\$ 15,499,544	\$ 16,632,084	\$ 16,964,726	\$ 17,210,733
Taxes Levied for Debt Service	1,174,250	1,215,438	1,178,925	1,180,538	1,205,525	1,189,038	1,216,925	946,175	1,110,800	1,089,930
Unrestricted Grants and Contributions	561,737	577,283	590,109	581,687	34,804	15,699	14,031	13,862	154,918	94,221
Miscellaneous Income	13,554	2,233	124,557	6,685	21,639	75,767	25,237	168,518	54,877	646,587
Financed Purchase Payments	112,846	145,736	176,221	181,704						
Fixed Assets	(285,583)	(311,108)	194,802	(139,811)						
Transfers			274,723	581,181		153	(133)			(52,856)
Other Items		(5,214,556)					(310,301)			
Total Governmental Activities	\$ 15,472,030	\$ 10,547,452	\$ 16,921,452	\$ 16,759,789	\$ 15,907,071	\$ 16,043,021	\$ 16,445,303	\$ 17,760,639	\$ 18,285,321	\$ 18,988,615
<b>Business-Type Activities:</b>										
Transfers	206	356	(274,723)	(581,181)		(153)	133	100	159	52,856
Miscellaneous Income			904	1,294	965	1,648	862			2,452
Other Items					19,698	(31,289)				
Total Business-Type Activities	\$ 206	\$ 356	\$ (274,723)	\$ (581,181)	\$ 965	\$ 1,648	\$ 862	\$ 100	\$ 159	\$ 52,856
Total District-Wide	\$ 15,472,236	\$ 10,547,808	\$ 16,647,633	\$ 16,179,902	\$ 15,927,734	\$ 16,044,516	\$ 16,415,009	\$ 17,760,739	\$ 18,285,480	\$ 19,043,923
<b>Change in Net Position:</b>										
Governmental Activities	\$ 464,830	\$ (5,005,919)	\$ 1,410,723	\$ 345,890	\$ (161,496)	\$ 181,271	\$ 1,114,791	\$ 2,394,598	\$ 2,032,626	\$ 1,737,865
Business-Type Activities	(15,111)	(137,132)	(44,931)	(229,136)	196,920	999	(46,072)	(24,993)	6,122	75,400
Total District	\$ 449,719	\$ (5,143,051)	\$ 1,365,792	\$ 116,754	\$ 35,424	\$ 182,270	\$ 1,068,719	\$ 2,369,605	\$ 2,038,748	\$ 1,813,265

Source: Mendham Township School District Financial records.

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

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Restricted	\$ 1,926,665	\$ 1,746,656	\$ 2,387,228	\$ 3,281,371	\$ 2,779,563	\$ 2,228,253	\$ 3,040,147	\$ 3,843,360	\$ 4,746,512	\$ 5,682,411
Assigned	7,412	142,543	164,853	48,256	7,179		7,680	794,488	692,230	542,883
Unassigned	418,684	428,878	437,668	421,139	455,845	553,070	554,442	1,036,568	1,120,827	669,738
<b>Total General Fund</b>	<b>\$ 2,352,761</b>	<b>\$ 2,318,077</b>	<b>\$ 2,989,749</b>	<b>\$ 3,750,766</b>	<b>\$ 3,242,587</b>	<b>\$ 2,781,323</b>	<b>\$ 3,602,269</b>	<b>\$ 5,674,416</b>	<b>\$ 6,559,569</b>	<b>\$ 6,895,032</b>
<b>All Other Governmental Funds:</b>										
Restricted, Reported in:										
Special Revenue Fund							\$ 74,984	\$ 74,600	\$ 75,899	\$ 66,717
Capital Projects Fund									19,722,882	18,183,046
Debt Service Fund	\$ 42,562	\$ 42,562	\$ 42,562						12,037	461,466
<b>Total All Other Governmental Funds</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ 42,562</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 74,984</b>	<b>\$ 74,600</b>	<b>\$ 19,810,818</b>	<b>\$ 18,711,229</b>
<b>Total Governmental Funds</b>	<b>\$ 2,395,323</b>	<b>\$ 2,360,639</b>	<b>\$ 3,032,311</b>	<b>\$ 3,750,766</b>	<b>\$ 3,242,587</b>	<b>\$ 2,781,323</b>	<b>\$ 3,677,253</b>	<b>\$ 5,749,016</b>	<b>\$ 26,370,387</b>	<b>\$ 25,606,261</b>

Source: Mendham Township School District Financial records.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 15,069,476	\$ 15,347,864	\$ 15,561,040	\$ 15,548,343	\$ 15,850,628	\$ 15,951,402	\$ 16,716,469	\$ 17,578,259	\$ 18,075,526	\$ 18,300,663
Tuition Charges	27,675	46,785	63,384	45,525	48,607	78,814	434,343	360,936	512,625	641,188
Transportation Fees from other LEAs	763,331	726,985	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389	2,011,938
Interest Earned on Maintenance and Capital Reserves	25	1,214	2,369	6,685	12,336	6,163	5,931	9,273	2,669	41,096
Miscellaneous	13,529	23,380	103,958	2,623	167	57,972	9,548	215,111	139,571	778,399
Rental Income			29,988	12,729	11,429	12,460	9,758	2,260	10,800	18,644
State Sources	1,767,587	1,927,834	2,164,558	2,297,776	2,666,120	3,042,404	3,314,649	3,966,939	4,916,386	5,214,970
Federal Sources	180,284	172,771	215,168	144,411	282,360	295,422	160,346	222,565	288,741	315,653
<b>Total Revenue</b>	<b>17,821,907</b>	<b>18,246,833</b>	<b>18,881,208</b>	<b>18,867,581</b>	<b>19,682,556</b>	<b>20,395,643</b>	<b>21,847,337</b>	<b>23,691,344</b>	<b>25,614,707</b>	<b>27,322,551</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	4,646,348	4,666,396	4,599,211	4,726,763	4,701,133	4,759,563	4,852,934	5,200,121	5,615,702	6,356,506
Special Education Instruction	946,119	990,755	1,080,940	1,128,803	1,440,402	1,540,837	1,688,286	1,576,779	1,713,853	1,683,046
Other Special Instruction	243,716	252,241	261,906	274,200						
Other Instruction	192,737	203,555	239,089	210,501	301,073	199,409	268,784	234,767	148,058	145,576
School-Sponsored Support Services:										
Tuition	197,614	351,675	454,162	169,918	199,346	279,052	266,576	140,074	298,248	198,433
Student and Instruction Related Services	1,418,064	1,480,517	1,406,785	1,409,638	1,543,113	1,553,536	1,461,164	1,621,146	1,829,225	2,135,592
General Administrative Services	442,729	501,575	432,695	449,973	420,729	411,570	464,477	473,653	629,342	572,759
School Administrative Services	701,959	593,554	569,254	590,978	599,137	597,939	473,320	494,479	503,595	537,783
Central Services	221,053	221,225	212,405	197,257	229,223	243,337	280,764	275,663	295,435	302,764
Plant Operations and Maintenance	1,337,980	1,300,093	1,397,712	1,465,446	1,479,374	1,450,749	1,278,079	1,239,096	1,434,063	1,745,025
Pupil Transportation	1,652,743	1,848,684	1,794,880	1,731,701	1,907,814	1,999,911	1,880,032	2,053,017	2,475,805	2,939,466
Unallocated Benefits	4,307,402	4,529,477	4,655,914	5,045,824	5,667,319	5,994,179	6,274,021	6,831,198	8,008,982	8,231,135

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditures: (Cont'd)										
Capital Outlay	\$ 14,176	\$ 9,771	\$ 31,194	\$ 22,512	\$ 589,321	\$ 516,899	\$ 287,578	\$ 508,565	\$ 689,594	\$ 1,680,669
Charter Schools					20,954		17,930			
Debt Service:										
Principal	830,000	875,000	870,000	945,000	965,000	990,000	1,060,000	1,060,000	1,045,000	720,000
Interest and Other Charges	390,913	340,438	308,925	278,100	240,525	199,038	156,925	111,175	65,800	469,930
Total Expenditures	17,543,553	18,164,956	18,315,072	18,646,614	20,400,426	20,939,779	20,959,559	22,033,913	24,994,171	28,033,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	278,354	81,877	566,136	220,967	(717,870)	(544,136)	887,778	1,657,431	620,536	(711,270)
Other Financing Sources (Uses)										
Serial Bond Proceeds									19,903,000	
Transfers In	170,702	233,355	274,723	581,181		153	4,647		12,037	549,429
Transfers Out		(5,558)		(35,663)			(4,780)		(12,037)	(602,285)
Financed Purchases (Non-Budgeted)	273,217	228,440	199,110	232,745	209,691	82,719	188,500	414,332	97,835	
Due to State for Prior Year's Grant Funds							(236,569)			
Cancellation of Prior Year Receivable							(103,069)			
Total Other Financing Sources (Uses)	443,919	456,237	473,833	778,263	209,691	82,872	(151,271)	414,332	20,000,835	(52,856)
Net Change in Fund Balances	\$ 722,273	\$ 538,114	\$ 1,039,969	\$ 999,230	\$ (508,179)	\$ (461,264)	\$ 736,507	\$ 2,071,763	\$ 20,621,371	\$ (764,126)
Debt Service as a Percentage of Noncapital Expenditures	6.96 %	6.69 %	6.45 %	6.57 %	6.09 %	5.82 %	5.89 %	5.44 %	4.57 %	4.52 %

Source: Mendham Township School District Financial records.



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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Capital &amp;</u> <u>Maintenance</u> <u>Reserves</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2014	\$ 1,503	\$ 27,675	\$ 763,331	\$ 12,051	\$ 804,560
2015	1,498	46,785	726,985	23,096	798,364
2016	2,369	63,384	740,743	131,624	938,120
2017	6,685	45,525	809,489	12,729	874,428
2018	12,336	48,607	810,909	9,303	881,155
2019	6,163	78,814	951,006	69,604	1,105,587
2020	5,931	434,343	1,196,293	19,306	1,655,873
2021	9,273	360,936	1,336,001	159,245	1,865,455
2022	2,669	512,625	1,668,389	40,171	2,223,854
2023	41,096	641,188	2,011,938	156,062	2,850,284

Source: Mendham Township School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 26,692,700	\$ 1,743,151,500	\$ 104,058,700	\$ 622,500	\$ 10,162,400	\$ 2,100	\$ - 0 -	\$ 1,884,689,900	\$ 1,537,902	\$ 1,886,227,802	\$ 152,592,200	\$ 0.52	\$ 1,951,547,561
2014	23,995,000	1,733,473,800	109,314,900	617,800	10,162,400	2,100	- 0 -	1,877,566,000	1,239,350	1,878,805,350	152,605,300	0.52	1,895,672,519
2015	22,888,000	1,729,916,200	111,919,200	624,700	10,162,400	2,100	- 0 -	1,875,512,600	1,226,793	1,876,739,393	152,605,300	0.55	1,963,385,307
2016	23,331,400	1,726,534,100	112,663,100	624,700	10,162,400	2,100	- 0 -	1,873,317,800	1,240,960	1,874,558,760	152,605,300	0.55	1,942,042,113
2017	21,865,300	1,726,778,500	115,993,000	606,300	10,039,000	2,100	- 0 -	1,875,284,200	1,244,391	1,876,528,591	152,589,500	0.55	1,959,468,151
2018	21,643,900	1,719,760,500	122,730,600	520,300	10,123,500	2,100	- 0 -	1,874,780,900	1,250,037	1,876,030,937	152,607,500	0.52	1,938,936,548
2019	24,051,500	1,713,009,200	127,004,700	521,800	10,123,500	2,100	- 0 -	1,874,712,800	1,326,546	1,876,039,346	151,071,800	0.90	1,918,523,996
2020	22,318,800	1,704,252,900	124,563,700	505,900	14,073,500	2,100	- 0 -	1,865,716,900	1,382,402	1,867,099,302	142,890,500	0.94	1,883,588,522
2021	22,803,600	1,697,602,100	122,993,400	506,400	14,073,500	2,100	- 0 -	1,857,981,100	1,428,181	1,859,409,281	142,578,700	0.97	1,823,998,116
2022	20,442,000	1,770,239,600	140,221,600	513,700	15,423,700	2,700	9,127,700	1,955,971,000	1,456,656	1,957,427,656	194,547,900	0.93	1,904,237,283

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.

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Mendham Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional High School	Township of Mendham	Morris County	
2013	\$ 0.49	\$ 0.03	\$ 0.52	\$ 0.79	\$ 0.36	\$ 0.26	\$ 1.94
2014	0.49	0.03	0.52	0.82	0.38	0.26	1.98
2015	0.52	0.03	0.55	0.82	0.39	0.26	2.03
2016	0.52	0.03	0.55	0.83	0.42	0.27	2.07
2017	0.52	0.03	0.55	0.81	0.44	0.27	2.07
2018	0.48	0.04	0.52	0.89	0.44	0.27	2.12
2019	0.83	0.08	0.90	0.57	0.45	0.27	2.18
2020	0.89	0.05	0.94	0.57	0.45	0.27	2.23
2021	0.91	0.06	0.97	0.55	0.45	0.25	2.23
2022	0.88	0.06	0.93	0.51	0.43	0.25	2.12

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.

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Shemy, LLC	\$ 8,445,900	0.45%	Woodland Lakes Inc.	\$ 8,135,000
Woodland Lakes, Inc.	8,148,000	0.43%	Mendham Golf & Tennis Club	5,942,800
Mendham Golf & Tennis Club	6,700,300	0.36%	Individual Taxpayer #1	5,770,400
Southeast Morris County MUA	4,870,100	0.26%	Individual Taxpayer #2	5,640,700
Individual Taxpayer #1	4,099,600	0.22%	Individual Taxpayer #3	5,124,500
Individual Taxpayer #2	3,985,300	0.21%	Individual Taxpayer #4	5,083,400
Hospitality Resources-Hillandale, LLC	3,950,000	0.21%	Individual Taxpayer #5	4,985,600
Desiree Farm, LLC	3,850,000	0.21%	Southeast Morris County MUA	4,640,300
Individual Taxpayer #3	3,800,000	0.20%	Individual Taxpayer #6	4,448,800
Individual Taxpayer #5	3,704,000	0.20%	Individual Taxpayer #7	4,353,600
<b>Total</b>	<b>\$ 51,553,200</b>	<b>2.75%</b>	<b>Total</b>	<b>\$ 54,125,100</b>
				<b>2.87%</b>

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 15,069,476	\$ 15,069,476	100.00 %	\$ - 0 -
2015	15,347,864	15,347,864	100.00 %	- 0 -
2016	15,561,040	15,561,040	100.00 %	- 0 -
2017	15,548,343	14,691,462	94.49 %	856,881
2018	15,850,628	15,688,361	98.98 %	162,267
2019	15,951,402	15,951,402	100.00 %	- 0 -
2020	16,716,469	16,716,469	100.00 %	- 0 -
2021	17,578,259	17,578,259	100.00 %	- 0 -
2022	18,075,526	18,075,526	100.00 %	- 0 -
2023	18,300,663	18,300,663	100.00 %	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases			
2014	\$ 8,530,000	\$ 323,942	\$ 8,853,942	1.86 %	\$ 1,508
2015	7,655,000	406,646	8,061,646	1.64 %	1,379
2016	6,785,000	429,535	7,214,535	1.40 %	1,237
2017	5,840,000	480,576	6,320,576	1.19 %	1,089
2018	4,875,000	456,721	5,331,721	0.99 %	923
2019	3,885,000	332,986	4,217,986	0.76 %	736
2020	2,825,000	456,652	3,281,652	0.57 %	583
2021	1,765,000	563,244	2,328,244	0.36 %	388
2022	20,623,000	366,390	20,989,390	3.24 %	3,490
2023	19,903,000	206,354	20,109,354	3.10 %	3,344

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2014	\$ 8,530,000	\$ - 0 -	\$ 8,530,000	5.59 %	1,459
2015	7,655,000	- 0 -	7,655,000	5.02 %	1,312
2016	6,785,000	- 0 -	6,785,000	4.45 %	1,169
2017	5,840,000	- 0 -	5,840,000	3.83 %	1,011
2018	4,875,000	- 0 -	4,875,000	3.19 %	851
2019	3,885,000	- 0 -	3,885,000	2.55 %	686
2020	2,825,000	- 0 -	2,825,000	1.87 %	502
2021	1,765,000	- 0 -	1,765,000	1.24 %	294
2022	20,623,000	- 0 -	20,623,000	14.46 %	3,429
2023	19,903,000	- 0 -	19,903,000	10.23 %	3,309

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

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

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

Source: Mendham Township School District Financial records.

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Mendham Township	\$ 14,020,294	100.00 %	\$ 14,020,294
Morris County General Obligation Debt	253,387,955	1.86 %	4,724,501
Subtotal, Overlapping Debt			18,744,795
Mendham Township School District Direct Debt			19,903,000
Total Direct and Overlapping Debt			<u>\$ 38,647,795</u>

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

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

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



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

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 52,794,407	\$ 53,178,391	\$ 54,994,000	\$ 55,780,057	\$ 58,352,525
Total Net Debt Applicable to Limit	8,530,000	7,655,000	6,785,000	5,840,000	4,875,000
Legal Debt Margin	<u>\$ 44,264,407</u>	<u>\$ 45,523,391</u>	<u>\$ 48,209,000</u>	<u>\$ 49,940,057</u>	<u>\$ 53,477,525</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.16 %	14.39 %	12.34 %	10.47 %	8.35 %

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 58,094,857	\$ 57,446,330	\$ 56,366,487	\$ 56,165,664	\$ 58,105,628
Total Net Debt Applicable to Limit	3,885,000	2,825,000	1,765,000	20,623,000	19,903,000
Legal Debt Margin	<u>\$ 54,209,857</u>	<u>\$ 54,621,330</u>	<u>\$ 54,601,487</u>	<u>\$ 35,542,664</u>	<u>\$ 38,202,628</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.69 %	4.92 %	3.13 %	36.72 %	34.25 %

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized Valuation Basis	
2022	\$ 2,084,590,216
2021	1,896,479,637
2020	1,829,492,940
	<u>\$ 5,810,562,793</u>
Average Equalized Valuation of Taxable Property	\$ 1,936,854,264
Debt Limit <sup>a</sup> (3% of Average Equalization Value)	\$ 58,105,628
Net Bonded School Debt as of June 30, 2023	<u>19,903,000</u>
Legal Debt Margin	<u>\$ 38,202,628</u>

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

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Morris County Per Capita Personal Income <sup>c</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2014	5,847	\$ 84,287	\$ 492,826,089	4.00%
2015	5,834	88,298	515,130,532	3.30%
2016	5,805	91,252	529,717,860	3.20%
2017	5,776	93,544	540,310,144	3.10%
2018	5,730	97,244	557,208,120	2.40%
2019	5,661	99,140	561,231,540	2.40%
2020	5,633	102,227	575,844,691	5.30%
2021	6,006	107,767	647,248,602	3.90%
2022	6,014	107,767 **	648,110,738 ***	2.70%
2023	6,014 *	107,767 **	648,110,738 ***	N/A

\* - Latest population data available (2022) was used for calculation purposes.  
 \*\* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.  
 \*\*\* - Latest available population data (2022) and latest available Morris County per capita personal income (2021) was used for calculation purposes.  
 N/A - Information Unavailable.

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

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

2022		2013			
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,516	4.00%	Novartis	6,200	2.25%
US Army Armament R&D	6,000	2.28%	Picatinny Arsenal	5,841	2.12%
Novartis	5,200	1.98%	Atlantic Health system	5,576	2.02%
Bayer	3,483	1.33%	ADP	1,947	0.71%
Barclays	3,000	1.14%	County of Morris	1,838	0.67%
Automatic Data Processing, Inc.	2,200	0.84%	Saint Clare's	1,662	0.60%
Accenture	2,009	0.76%	Wyndham Worldwide Corporation	1,546	0.56%
Deloitte & Touche	1,492	0.57%	BASF Corporation	1,500	0.54%
St. Clare's Health System	1,491	0.57%	Accenture	1,498	0.54%
County of Morris	1,438	0.55%	Chilton Memorial	1,440	0.52%
Total	<u>36,829</u>	<u>14.02%</u>		<u>29,048</u>	<u>10.53%</u>
Total County Labor Force	<u>262,719</u>			<u>275,962</u>	

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

Source: Morris County Treasurer's Office.

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

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	59.00	59.00
Special education	25.00	26.00	28.00	30.00	30.00	30.00	30.00	30.00	31.00	31.00
Other special education										
Other instruction	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Support Services:										
Student and Instruction Related Services	14.00	14.00	14.50	14.50	12.00	12.00	12.00	12.00	12.00	12.00
School Administrative Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
General Administrative Services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other Administrative Services	4.00	4.00								
Central Services	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00
Plant Operations and Maintenance	4.00	4.00	9.00	9.00	10.00	10.00	10.00	10.60	10.60	12.00
Pupil Transportation	28.00	28.50	28.50	28.50	27.00	27.00	27.00	27.00	27.00	27.00
<b>Total</b>	<b>156.00</b>	<b>157.50</b>	<b>161.00</b>	<b>163.00</b>	<b>160.00</b>	<b>159.00</b>	<b>159.00</b>	<b>159.60</b>	<b>161.60</b>	<b>163.00</b>

Source: Mendham Township School District records.

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>e</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	School				
2014	733	\$ 16,308,464	\$ 22,249	7.25 %	91	1:8.0	1:8.8	733	709	-6.74 %	96.73 %	
2015	706	16,939,747	23,994	7.84 %	90	1:7.9	1:8.7	706	682	-3.68 %	96.60 %	
2016	708	17,104,953	24,160	0.69 %	90	1:7.9	1:8.6	708	686	0.28 %	96.89 %	
2017	698	17,401,002	24,930	3.19 %	90	1:8.0	1:8.6	698	682	-1.41 %	97.71 %	
2018	697	18,605,580	26,694	7.08 %	88	1:7.9	1:8.0	697	684	-0.14 %	98.13 %	
2019	697	19,233,842	27,595	3.38 %	88	1:7.9	1:8.0	697	685	0.00 %	98.28 %	
2020	724	19,455,056	26,872	-2.62 %	88	1:8.5	1:7.8	724	711	3.87 %	98.20 %	
2021	742	20,354,173	27,432	2.08 %	88	1:8.4	1:7.5	741	736	2.35 %	99.33 %	
2022	784	23,193,777	29,584	7.85 %	90	1:8.7	1:7.2	781	774	5.40 %	99.10 %	
2023	792	25,163,222	31,772	7.40 %	90	1:8.8	1:7.3	782	767	0.13 %	98.08 %	

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

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Mendham Township School District records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Elementary										
Square Feet	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,000
Capacity (Students)	695	695	695	695	695	695	695	695	695	695
Enrollment	447	331	362	348	363	382	409	429	431	469
Middle School										
Square Feet	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735
Capacity (Students)	548	548	548	548	548	548	548	548	548	548
Enrollment	456	375	346	350	334	315	315	313	353	323

Number of Schools at June 30, 2023

Elementary = 1  
Middle School = 1

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

Source: Mendham Township School District Business Office.

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

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

School Facility	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary School	\$ 115,286	\$ 111,028	\$ 123,661	\$ 164,687	\$ 193,359	\$ 198,108	\$ 137,055	\$ 114,345	\$ 177,148	\$ 288,324
Middle School	119,819	134,668	200,897	178,107	245,847	237,980	137,070	114,357	184,379	300,093
	<u>\$ 235,105</u>	<u>\$ 245,696</u>	<u>\$ 324,558</u>	<u>\$ 342,794</u>	<u>\$ 439,206</u>	<u>\$ 436,088</u>	<u>\$ 274,125</u>	<u>\$ 228,702</u>	<u>\$ 361,527</u>	<u>\$ 588,417</u>

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

Source: Mendham Township School District records.

MENDHAM TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

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

Source: Mendham Township School District records.



SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mendham, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 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 December 8, 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 Township 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 8, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

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

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

Independent Auditors' Report

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

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

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

We have audited the Board of Education of the Township of Mendham's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 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 federal and state programs.

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

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

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

December 8, 2023  
Mount Arlington, New Jersey

*Nisivoccia, LLP*  
NISIVOCCIA LLP

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

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

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023							
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Expenditures	Paid to Grantor	Due to Grantor	Amounts Provided to Subrecipients			
U.S. Department of Education Passed-through State Department of Education:															
Special Revenue Fund: ESEA Consolidated Grant: Title II - Part A	84.367A	ESEA-3100-23	7/1/22-6/30/23	\$ 9,695				\$ (9,695)							
Total Title II								(9,695)							
Total ESEA Consolidated								(9,695)							
Special Education Cluster:															
IDEA Part B, Basic	84.027	IDEA-3100-23	7/1/22-9/30/23	171,420				(171,420)							
IDEA Part B, Preschool	84.173	IDEA-3100-23	7/1/22-9/30/23	9,921				(9,921)							
COVID 19 - I.D.E.A. Part B, Basic - ARP	84.027X	IDEA-3100-23	7/1/21-9/30/23	31,381			\$ 31,381	(31,381)							
COVID 19 - I.D.E.A. Preschool - ARP	84.173X	IDEA-3100-23	7/1/21-9/30/23	2,681			2,681	(2,681)							
Total Special Education Cluster							34,062	(215,403)					(181,341)		
Education Stabilization Fund:															
COVID 19 - CRRSA - Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000				(25,000)							
COVID 19 - CRRSA - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000				(45,000)							
COVID 19 - Non-Title I - ARP	84.425U	S425U210027	3/13/20-9/30/24	194,525				(165,323)							
Total Educational Stabilization Fund								(235,323)					(235,323)		
Total Special Revenue Fund							34,062	(225,098)					(191,036)		
Total U.S. Department of Education							34,062	(460,421)					(426,359)		
Total Federal Financial Awards							\$ 34,062	\$ (460,421)				\$ - 0 -	\$ (426,359)		\$ - 0 -
N/A - Not Available.															
* Expended in a Prior Year															

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

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

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance June 30, 2022			Balance June 30, 2023			Memo	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	\$ 13,957	\$ (1,295)	\$ 1,295					\$ 13,957	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	198,422	(18,405)	18,405					198,422	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	640,145	(59,381)	59,381					640,145	
Extraordinary Special Education Aid	22-495-034-5120-044	7/1/21-6/30/22	395,542	(395,542)	395,542					395,542	
Nonpublic Transportation	22-495-034-5120-014	7/1/21-6/30/22	22,170	(22,170)	22,170					22,170	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	527,088	(26,952)	26,952					527,088	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	60,856		55,127				\$ (60,856)	60,856	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	198,422		179,741				(18,681)	198,422	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	794,939		720,098				(74,841)	794,939	
Extraordinary Special Education Aid	23-495-034-5120-044	7/1/22-6/30/23	321,706						(321,706)	321,706	
Nonpublic Transportation	23-495-034-5120-014	7/1/22-6/30/23	27,410						(27,410)	27,410	
Securing Our Children's Future Bond Act (Alyssa's Law)	N/A	7/1/22-6/30/23	32,518		32,518					32,518	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	582,833		523,315				(59,518)	582,833	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	667,883		667,883					667,883	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	2,507,614		2,507,614					2,507,614	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	34,790		34,790					34,790	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	888		888					888	
Total General Fund State Aid				(523,745)	5,245,719		(5,229,859)	(408,634)	(507,885)	7,027,183	
General Fund:											
COVID-19 Testing Reimbursement	N/A	3/13/22-6/30/23	4,031		4,031					4,031	
State Reimbursement for Lead Testing of Drinking Water	N/A	3/13/22-6/30/23	1,250		1,250					1,250	
Total General Fund					5,281		(5,281)			5,281	
Total State Awards Subject to Single Audit Determination				\$ (523,745)	\$ - 0 -	\$ 5,251,000	\$ (5,235,140)	\$ (408,634)	\$ - 0 -	\$ (507,885)	\$ 7,032,464
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	(667,883)						\$ 667,883		
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(2,507,614)						2,507,614		
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	3/13/20-9/30/24	(34,790)						34,790		
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(888)						888		
Subtotal - On-Behalf TPAF Pension System Contributions									3,211,175		
Total State Awards Subject to Single Audit Major Program Determination									\$ (2,023,965)		

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



MENDHAM TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Township School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,170) for the General Fund and (\$144,768) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, respectively.

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

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

	Federal	State	Total
General Fund		\$ 5,214,970	\$ 5,214,970
Special Revenue Fund	\$ 315,653		315,653
 Total Financial Awards	\$ 315,653	\$ 5,214,970	\$ 5,530,623

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Mendham Township School District had no loans outstanding at June 30, 2023.

NOTE 7. OTHER

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

MENDHAM TOWNSHIP 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 major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by NJOMB 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on each of the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 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 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:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
State Aid - Public:				
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 794,939	\$ 794,939
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	60,856	60,856

- 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.

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

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

There were no prior year findings.