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, 2025

Annual Comprehensive Financial Report

of the

Mendham Township School District
Board of Education

Mendham Township, New Jersey

For Fiscal Year Ended June 30, 2025

Prepared by

Mendham Township School District
Board of Education

MENDHAM TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Mendham Township Board of Education

*6 East Main Street * Post Office Box 510*
Brookside, NJ 07926

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Telephone: 973-543-5537

Donna Mosner
School Business Administrator
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Fax: 973-543-2892

October 17, 2025

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, 2025 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 for grades K through 8. These included regular and special education for classified children. The District completed the 2024-2025 fiscal year with an enrollment of 817 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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3. MAJOR INITIATIVES: Mendham Township continues to be a unique and special school district. Class size has been kept at an average below that recommended by the State of New Jersey. Our rationale remains that the individual needs of students are best served when teachers have the time to work closely with each learner and plan thoughtfully. The nurturing environment of our District provides parents, teachers, and students with many opportunities to exchange ideas, discuss concerns, celebrate progress, and collaboratively address challenges. This partnership approach to education remains a foundational strength of our school community. Curriculum updates and instructional practices continue to be driven by student needs and aligned with state requirements and the New Jersey Student Learning Standards.

Our students continue to perform well above the State mean on the New Jersey Student Learning Assessments across grades three through eight. We offer an integrated preschool program and a Pre-K disabled program for students requiring early intervention, in addition to comprehensive special education services, including resource room and inclusion programs for students in Pre-K through grade eight. Speech and language services continue to represent a significant portion of the related services we provide.

With the exception of students requiring highly specialized placements, all special needs students are served within our local schools. We remain committed to individualization and often tailor programs to support unique strengths and talents through modified schedules, differentiated learning experiences, and collaborative programs with the regional high school.

The distinctiveness of our small District is reflected in the breadth of academic, social-emotional, and extracurricular opportunities available to students. Our world language program serves students in grades K-8 with a focus on communication, written proficiency, and cultural understanding. Students participate in a wide range of activities, including interscholastic athletics, clubs, leadership programs, fine and performing arts, and local, county, and national academic competitions. Student voice and student leadership continue to expand, including student government, service learning opportunities, and student-led initiatives.

Mendham Township Public Schools are proud of our longstanding dedication to educational excellence, continuous improvement, and innovation. Recent district initiatives include strengthening literacy and math instruction, enhancing STEM and global citizenship learning, expanding social-emotional and mental-health supports, and integrating ethical and effective use of technology and artificial intelligence across classrooms. Our staff consistently pursue professional growth and have received county, state, and national recognition in a variety of academic disciplines. With a strong instructional foundation, a forward-thinking strategic plan, and a commitment to meeting the needs of the whole child, our students continue to graduate from Mendham Township Schools exceptionally well-prepared for success in high school and beyond, academically, socially, and emotionally.

Mendham Township Board of Education

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Fax: 973-543-2892

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either 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, 2025.

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.

Mendham Township Board of Education

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Donna Mosner
School Business Administrator
dmosner@mendhamtwp.org
Fax: 973-543-2892

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.

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

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

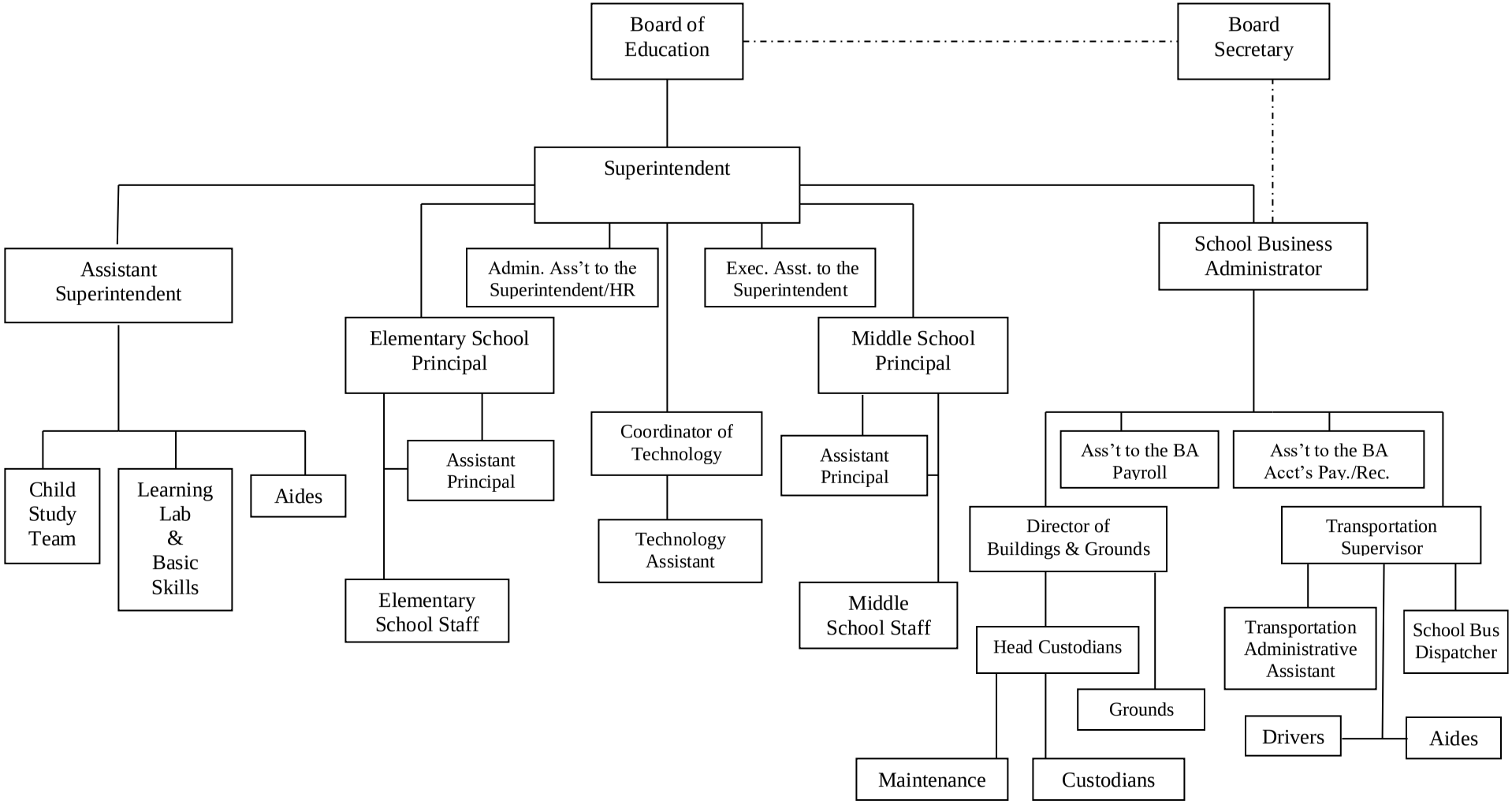
Respectfully submitted,

Salvatore Constantino, Ed.D.
Superintendent

Donna Mosner
Business Administrator/Board Secretary

Mendham Township Board of Education

ORGANIZATIONAL CHART



MENDHAM TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025

Members of the Board of Education	Term Expires
Joan Mody, President	2025
Rekha Mandel, Vice President	2026
Elisabeth Carrino Tamasi	2025
Natasha Crossan	2027
Peter Dumovic	2027
Thomas Keeling	2026
Diana Orban Brown	2025

Other Officials	Title
Salvatore Constantino, Ed.D.	Superintendent
Robert Koroski, Ed.D.	Assistant Superintendent
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, 2025

Audit Firm

Nisivoccia LLP
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Mount Arlington, NJ 07856
and
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Woodbridge, NJ 07095

Architect of Record

Parette Somjen Architects
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Rockaway, NJ 07866

Official Depository

Lakeland Bank
98 East Main Street
Mendham, NJ 07945

FINANCIAL SECTION

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ

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nisivoccia.com

Independent Member
BKR International

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, 2025, 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, 2025, 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 October 17, 2025 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.

Nisivoccia, LLP

October 17, 2025
Mount Arlington, New Jersey

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, 2025

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, 2025. 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

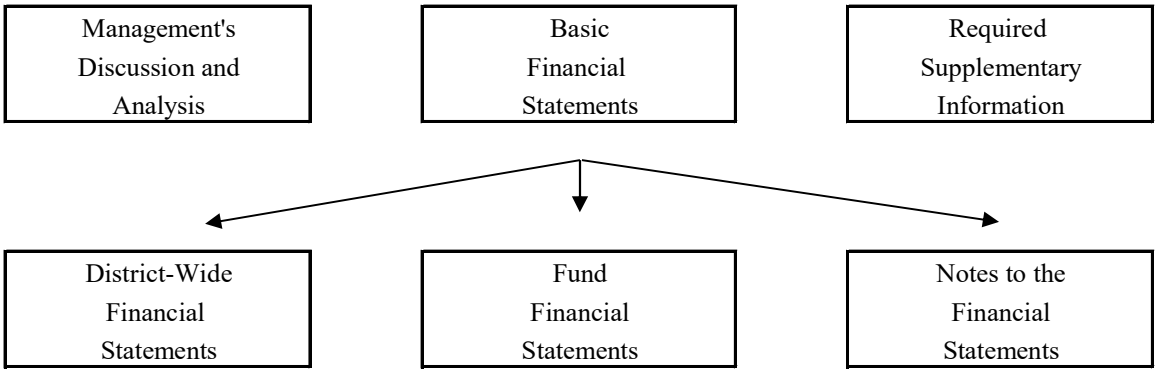

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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 the Middle School Play programs
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of • Net Position • Revenues, Expenses and Changes in Net Positon • Cash Flows
Accounting Basis and Measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All Assets and Liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the year end; expenditures when goods and services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

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.

Fund Financial Statements

- *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 realized revenues in excess of budgeted amounts, expenditures less than budgeted amounts, the maturity of long-term liabilities and capital assets additions offset by depreciation expense. 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
	2025	2024	2025	2024	2025	2024	2024-2025
Current and Other Assets	$ 16,196,347	$ 24,296,592	$ 100,647	$ 64,787	$ 16,296,994	$ 24,361,379	
Capital Assets, Net	25,232,688	16,415,010	100,597	101,873	25,333,285	16,516,883	
Lease Assets, Net	30,980	50,547			30,980	50,547	
Total Assets	41,460,015	40,762,149	201,244	166,660	41,661,259	40,928,809	1.79%
Deferred Ouflows of Resources	671,959	901,105			671,959	901,105	-25.43%
Other Liabilities	631,011	768,134	19,466	17,006	650,477	785,140	
Long-Term Liabilities	22,466,481	23,749,899			22,466,481	23,749,899	
Total Liabilities	23,097,492	24,518,033	19,466	17,006	23,116,958	24,535,039	-5.78%
Deferred Inflows of Resources	788,588	674,838			788,588	674,838	16.86%
Net Position:							
Net Investment in Capital Assets	14,479,693	13,535,271	100,597	101,873	14,580,290	13,637,144	
Restricted	6,092,788	6,366,824			6,092,788	6,366,824	
Unrestricted/(Deficit)	(2,326,587)	(3,431,712)	81,181	47,781	(2,245,406)	(3,383,931)	
Total Net Position	$ 18,245,894	$ 16,470,383	$ 181,778	$ 149,654	$ 18,427,672	$ 16,620,037	10.88%

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

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2025	2024	2025	2024	2025	2024	2024-2025
Revenue:							
Program Revenue:							
Charges for Services	$ 2,709,762	$ 2,457,160	$ 548,642	$ 455,680	$ 3,258,404	$ 2,912,840	
Operating Grants and Contributions	4,123,977	4,740,899			4,123,977	4,740,899	
General Revenue:							
Property Taxes	20,105,754	18,871,499			20,105,754	18,871,499	
Unrestricted Federal and State Aid	502,206	697,637			502,206	697,637	
Other	671,271	864,067	4,009	3,789	675,280	867,856	
Total Revenue	28,112,970	27,631,262	552,651	459,469	28,665,621	28,090,731	2.05%
Expenses:							
Instruction	13,584,765	13,752,480			13,584,765	13,752,480	
Tuition	601,324	427,220			601,324	427,220	
Pupil & Instruction Services	3,260,393	3,084,365			3,260,393	3,084,365	
Administrative and Business	2,163,172	2,109,627			2,163,172	2,109,627	
Maintenance & Operations	3,285,317	3,135,981			3,285,317	3,135,981	
Transportation	2,841,242	3,414,710			2,841,242	3,414,710	
Other	601,246	855,256	520,527	446,289	1,121,773	1,301,545	
Total Expenses	26,337,459	26,779,639	520,527	446,289	26,857,986	27,225,928	-1.35%
Change in Net Position	$ 1,775,511	$ 851,623	$ 32,124	$ 13,180	$ 1,807,635	$ 864,803	109.02%

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 costs. 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:

Governmental Activities

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	$ 13,584,765	$ 13,752,480	$ 9,467,318	$ 9,050,850
Tuition	601,324	427,220	601,324	427,220
Pupil & Instruction Services	3,260,393	3,084,365	3,041,502	2,909,093
Administrative and Business	2,163,172	2,109,627	1,975,520	1,889,804
Maintenance & Operations	3,285,317	3,135,981	3,285,317	3,135,981
Transportation	2,841,242	3,414,710	531,493	1,313,376
Other	601,246	855,256	601,246	855,256
Total	$ 26,337,459	$ 26,779,639	$ 19,503,720	$ 19,581,580

Business-Type Activities

Net position from the District's business-type activities increased by $32,124, primarily due to an increase in the Food Service Enterprise Fund revenues offset by Food Service and Middle School Play Enterprise Fund expenses increasing at a lower rate.

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 decreased $61,853 primarily due to increases in tuition, benefits and maintenance and operation costs offset by increases in local (interest earnings, tuition, and transportation fees) and state revenue. The Special Revenue Fund Balance decreased $16,681 primarily due to increased expenses for Student Activities. The Capital Projects Fund Balance decreased $8,409,367 which is due to current year expenditures for capital projects. The Debt Service Fund increased $385,360 due to the transfer of interest earned in the Capital Projects Fund on the unexpended 2022 bond proceeds.

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 $25,333,285, an increase of $8,816,402, or 53.38%, 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
	2025	2024	2025	2024	2025	2024	2022-2023
Land	$ 14,000	$ 14,000			$ 14,000	$ 14,000	
Construction in Progress	12,515,728	3,825,361			12,515,728	3,825,361	
Site Improvements	265,533	286,585			265,533	286,585	
Buildings/Improvements	9,911,121	10,772,823			9,911,121	10,772,823	
Furniture, Machinery & Equipment	2,526,306	1,516,241	$ 100,597	$ 101,873	2,626,903	1,618,114	
Total	$ 25,232,688	$ 16,415,010	$ 100,597	$ 101,873	$ 25,333,285	$ 16,516,883	53.38%

Long-Term Liabilities

At year-end, the District had $22,466,481 in general obligation bonds, net pension liability and other long-term liabilities outstanding – a decrease of $1,283,418, or 5.40%, from the prior year due primarily to the 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 7 to the financial statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Percent Change
	2025	2024	2024-2025
General Obligation Bonds (Financed with Property Taxes)	$ 18,015,000	$ 18,870,000	
Net Pension Liability	3,328,437	4,043,545	
Other Long Term Liabilities	1,123,044	836,354	
Total	$ 22,466,481	$ 23,749,899	-5.40%

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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 12,452,975	$ 94,161	$ 12,547,136
Receivable from Federal Government	249,888		249,888
Receivable from State Government	485,699		485,699
Other Accounts Receivable	43,338		43,338
Internal Balances	(449)	449	
Inventories		6,037	6,037
Restricted Cash and Cash Equivalents	2,964,896		2,964,896
Capital Assets:			
Land and Construction in Progress	12,529,728		12,529,728
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery & Equipment	12,702,960	100,597	12,803,557
Lease Assets, Net	30,980		30,980
Total Assets	41,460,015	201,244	41,661,259
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	671,959		671,959
Total Deferred Outflows of Resources	671,959		671,959
LIABILITIES			
Accounts Payable	371,695		371,695
Accrued Interest Payable	193,096		193,096
Unearned Revenue	66,220	19,466	85,686
Noncurrent Liabilities:			
Due Within One Year	1,018,340		1,018,340
Due Beyond One Year	21,448,141		21,448,141
Total Liabilities	23,097,492	19,466	23,116,958
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	788,588		788,588
Total Deferred Inflows of Resources	788,588		788,588

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(Continued)

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	$ 14,479,693	$ 100,597	$ 14,580,290
Restricted for:			
Capital Projects	1,831,428		1,831,428
Debt Service	1,148,334		1,148,334
Maintenance	926,840		926,840
Unemployment Compensation	130,372		130,372
Student Activities	76,256		76,256
Excess Surplus	1,979,558		1,979,558
Unrestricted/(Deficit)	(2,326,587)	81,181	(2,245,406)
Total Net Position	$ 18,245,894	$ 181,778	$ 18,427,672

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, 2025

		Program Revenue		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	$ 9,610,896	$ 692,329	$ 1,655,745	$ (7,262,822)		$ (7,262,822)
Special Education	3,081,753		1,769,373	(1,312,380)		(1,312,380)
Other Instruction	517,981			(517,981)		(517,981)
School-Sponsored Instruction	374,135			(374,135)		(374,135)
Support Services:						
Tuition	601,324			(601,324)		(601,324)
Student & Instruction Related Services	3,260,393	218,891		(3,041,502)		(3,041,502)
General Administrative Services	830,183		27,860	(802,323)		(802,323)
School Administrative Services	855,544			(855,544)		(855,544)
Central Services and Administrative Information Technology	477,445		159,792	(317,653)		(317,653)
Plant Operations and Maintenance	3,285,317			(3,285,317)		(3,285,317)
Pupil Transportation	2,841,242	1,798,542	511,207	(531,493)		(531,493)
Interest and Other Charges	478,767			(478,767)		(478,767)
Capital Outlay	61,715			(61,715)		(61,715)
Unallocated Depreciation	9,111			(9,111)		(9,111)
Transfer to Charter School	51,653			(51,653)		(51,653)
Total Governmental Activities	26,337,459	2,709,762	4,123,977	(19,503,720)		(19,503,720)

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Business-Type Activities:						
Middle School Play	$ 19,627	$ 21,863			$ 2,236	$ 2,236
Food Service	500,900	526,779			25,879	25,879
Total Business-Type Activities	520,527	548,642			28,115	28,115
Total Primary Government	$ 26,857,986	$ 3,258,404	$ 4,123,977	$ (19,503,720)	28,115	(19,475,605)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				19,179,522		19,179,522
Taxes Levied for Debt Service				926,232		926,232
Federal and State Aid not Restricted				502,206		502,206
Miscellaneous Income				671,271	4,009	675,280
Total General Revenue				21,279,231	4,009	21,283,240
Change in Net Position				1,775,511	32,124	1,807,635
Net Position - Beginning				16,470,383	149,654	16,620,037
Net Position - Ending				$ 18,245,894	$ 181,778	$ 18,427,672

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

MENDHAM TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 3,371,948		$ 9,081,027		$ 12,452,975
Receivables From Federal Government		$ 249,888			249,888
Receivables From State Government	485,699				485,699
Other Receivables	25,750	17,588			43,338
Interfund Receivable	231,898		36,573	$ 1,148,334	1,416,805
Restricted Cash and Cash Equivalents	2,888,640	76,256			2,964,896
Total Assets	$ 7,003,935	$ 343,732	$ 9,117,600	$ 1,148,334	$ 17,613,601
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 43,757				$ 43,757
Interfund Payable	449	$ 267,476	$ 1,149,329		1,417,254
Unearned Revenue	66,220				66,220
Total Liabilities	110,426	267,476	1,149,329		1,527,231
Fund Balances:					
Restricted:					
Capital Reserve	1,831,428				1,831,428
Maintenance Reserve	926,840				926,840
Unemployment Compensation	130,372				130,372
Excess Surplus - 2026-2027	986,969				986,969
Excess Surplus - 2025-2026	992,589				992,589
Student Activities		76,256			76,256
Capital Projects			7,638,892		7,638,892
Debt Service				$ 1,148,334	1,148,334
Committed			29,379		29,379
Assigned:					
Capital Projects			300,000		300,000
Year-End Encumbrances	1,263,548				1,263,548
Unassigned	761,763				761,763
Total Fund Balances	6,893,509	76,256	7,968,271	1,148,334	16,086,370
Total Liabilities and Fund Balances	$ 7,003,935	$ 343,732	$ 9,117,600	$ 1,148,334	$ 17,613,601

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

Total Fund Balances from Above	$ 16,086,370
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	25,232,688
Leased Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	30,980
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(193,096)
Long-Term Liabilities, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(22,466,481)
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	344,021
Deferred Inflows	(788,588)
Net Position of Governmental Activities	$ 18,245,894

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	$ 19,179,522			$ 926,232	$ 20,105,754
Tuition From Individuals	692,329				692,329
Transportation Fees from Other LEASs	1,798,542				1,798,542
Rents and Royalties	19,270				19,270
Interest Earned on Maintenance Reserve Funds	28,774				28,774
Interest Earned on Capital Reserve Funds	26,585				26,585
Restricted Miscellaneous Revenues	8,763				8,763
Unrestricted Miscellaneous Revenues	202,519	$ 218,891	$ 385,360		806,770
	21,956,304	218,891	385,360	926,232	23,486,787
State Sources	6,219,552			427,156	6,646,708
Federal Sources		265,390			265,390
Total Revenues	28,175,856	484,281	385,360	1,353,388	30,398,885
EXPENDITURES:					
Current:					
Regular Instruction	6,610,815	277,589			6,888,404
Special Education Instruction	2,100,276	3,041			2,103,317
Other Instruction	389,086				389,086
School-Sponsored	374,135				374,135
Support Services and Undistributed Costs:					
Tuition	601,324				601,324
Student and Other Instruction Related Services	2,350,999	220,332			2,571,331
General Administration Services	607,214				607,214
School Administration Services	569,199				569,199
Central Services & Administrative Information Technology	326,834				326,834

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Plant Operations and Maintenance	$ 2,053,071				$ 2,053,071
Student Transportation	2,990,233				2,990,233
Unallocated Benefits	8,752,231				8,752,231
Debt Service:					
Interest and Other Charges				$ 498,388	498,388
Principal				855,000	855,000
Capital Outlay	734,990		$ 8,690,367		9,425,357
Transfer of Funds to Charter School	51,653				51,653
Total Expenditures	28,512,060	$ 500,962	8,690,367	1,353,388	39,056,777
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(336,204)	(16,681)	(8,305,007)		(8,657,892)
OTHER FINANCING SOURCES/(USES):					
Financed Purchases (Non-budgeted)	555,351				555,351
Transfers In			281,000	385,360	666,360
Transfers Out	(281,000)		(385,360)		(666,360)
Total Other Financing Sources/(Uses)	274,351		(104,360)	385,360	555,351
Net Change in Fund Balances	(61,853)	(16,681)	(8,409,367)	385,360	(8,102,541)
Fund Balance - July 1	6,955,362	92,937	16,377,638	762,974	24,188,911
Fund Balance - June 30	$ 6,893,509	$ 76,256	$ 7,968,271	$ 1,148,334	$ 16,086,370

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, 2025

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)			$ (8,102,541)
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	$ (1,167,369)	
	Capital Outlays	9,985,047	
			8,817,678
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.			(19,567)
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 (+).			(16,747)
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.			855,000

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, 2025
(Continued)

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.	$ 19,873
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.	265,535
Financed purchases entered into by the district are an other financing source in the governmental funds, however, the acqusition increases long-term liabilities in the statement of net position and is not reported in the statement of activites.	(555,351)
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 (+).	19,621
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:	
Changes in Net Pension Liability	715,108
Change in Deferred Outflows	(109,348)
Change in Deferred Inflows	(113,750)
Change in Net Position of Governmental Activites (Exhibit A-2)	$ 1,775,511

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

Exhibit B-4

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Major Fund Food Service	Non-Major Fund	Total Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	83,071	$ 11,090	$ 94,161
Interfund Accounts Receivable	449		449
Inventories	6,037		6,037
Total Current Assets	89,557	11,090	100,647
Non-Current Assets:			
Capital Assets	164,682		164,682
Less: Accumulated Depreciation	(64,085)		(64,085)
Total Non-Current Assets	100,597		100,597
Total Assets	190,154	11,090	201,244
LIABILITIES:			
Current Liabilities:			
Unearned Revenue - Prepaid Meals	19,466		19,466
Total Current Liabilities	19,466		19,466
NET POSITION:			
Investment in Capital Assets	100,597		100,597
Unrestricted	70,091	11,090	81,181
Total Net Position	$ 170,688	$ 11,090	$ 181,778

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

Exhibit B-5

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Major Fund Food Service	Non-Major Fund	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs	$ 529,015		$ 529,015
Charges for Services - Program Fees		$ 19,627	19,627
Total Operating Revenue	529,015	19,627	548,642
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	195,344		195,344
Salaries, Benefits & Payroll Taxes	237,293		237,293
Supplies, Insurance & Other Costs	27,782		27,782
Management Fee	36,969		36,969
Program Expenses		21,863	21,863
Depreciation Expense	1,276		1,276
Total Operating Expenses	498,664	21,863	520,527
Operating Income/(Loss)	30,351	(2,236)	28,115
Non-Operating Revenue:			
Local Sources:			
Interest Income	3,628	381	4,009
Total Non-Operating Revenue	3,628	381	4,009
Change in Net Position	33,979	(1,855)	32,124
Net Position - Beginning of Year	136,709	12,945	149,654
Net Position - End of Year	$ 170,688	$ 11,090	$ 181,778

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

Exhibit B-6

MENDHAM TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Major Fund Food Service	Non-Major Fund	Enterprise Funds Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 532,575	$ 19,627	$ 552,202
Payments for Programs	(5,011)	(21,863)	(26,874)
Payments to Food Service Vendor	(487,322)		(487,322)
Net Cash Provided by/(Used for) Operating Activities	40,242	(2,236)	38,006
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	3,628	381	4,009
Net Cash Provided by Investing Activities	3,628	381	4,009
Net Increase/(Decrease) in Cash and Cash Equivalents	43,870	(1,855)	42,015
Cash and Cash Equivalents, July 1	39,201	12,945	52,146
Cash and Cash Equivalents, June 30	$ 83,071	$ 11,090	$ 94,161
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	$ 30,351	$ (2,236)	$ 28,115
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation	1,276		1,276
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory	5,055		5,055
Increase/(Decrease) in Unearned Revenue	3,560		3,560
Increase/(Decrease) in Accounts Payable	(1,100)		(1,100)
Increase/(Decrease) in Interfund Payable	1,100		1,100
Net Cash Provided by/(Used for) Operating Activities	$ 40,242	$ (2,236)	$ 38,006

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

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.

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.

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.

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	$ 28,194,807	$ 487,986
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		
Current Year Encumbrances		(3,705)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	119,613	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(138,564)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 28,175,856	$ 484,281

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	$ 28,512,060	$ 504,667
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered butnot received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reorting purposes. Current Year Encumbrances		(3,705)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 28,512,060	$ 500,962

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to SDA grants which are recognized on the budgetary basis when they are awarded but are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue and Other Financing Sources - Budgetary Basis Fund Balance	$ 1,458,143	$ 8,760,054
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grants Revenue not Recognized on GAAP Basis	(791,783)	(791,783)
Revenue and Other Financing Sources/Fund Balance per Governmental Funds (GAAP)	$ 666,360	$ 7,968,271

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.

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

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

New Jersey school districts are limited as to 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.

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.

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

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.

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

N. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond 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.

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 $522 of accrued salaries and wages as of June 30, 2025.

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. Leases 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. Subscriptions Payable

In the district-wide financial statements, subscriptions payable 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.

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

T. Fund Balance Appropriated:

General Fund: Of the $6,893,509 General Fund Balance at June 30, 2025, $1,263,548 is assigned for year-end encumbrances; $1,831,428 is restricted in the capital reserve account; $926,840 is restricted in the maintenance reserve account; $130,372 is restricted for unemployment compensation; $ 1,985,178 is restricted for excess surplus in accordance with N.J.S.A. l8A:7F-7 as amended by P.L. 2004, C.73 (S1701) ($992,589 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; $986,969 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027); and $761,763 is unassigned fund balance (which is $138,564 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, 2026).

Special Revenue Fund: The Special Revenue Fund Balance at June 30, 2025 is $76,256 and is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund Balance at June 30, 2025 is $7,968,271; $300,000 is assigned for Arbitrage Rebate Payable, $7,638,892 is restricted and $29,379 is committed (which is $791,783 less than the committed fund balance, on a Budgetary basis, due to grants receivable, which are not recognized until requests for reimbursement have been submitted).

Debt Service Fund: The Debt Service Fund Balance at June 30, 2025 of $1,148,334 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.

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 $2,326,587 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.

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

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, 2025 related to pensions.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, 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 capital reserve, maintenance reserve, excess surplus, unemployment compensation, student activities, Capital Projects Fund and Debt Service Fund.

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 committed resources in the Capital Projects Fund at June 30, 2025.

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

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund for year-end encumbrances and in the Capital Projects Fund for arbitrage rebate liability at June 30, 2025.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on an 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. The District considers revenue that is collected within sixty days of the fiscal year end as available.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, 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.

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.

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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.

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

(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.). ;

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

Investments: (Cont'd)

(8) Agreements for the repurchase of fully collateralized securities if:

(b) The custody of collateral is transferred to a third party;

(c) The maturity of the agreement is not more than 30 days;

(d) The underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) A master repurchase agreement providing for the custody and security of collateral is executed; or

(9) Deposit of funds in accordance with the following conditions:

(a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;

(b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

(c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

(d) The designated public depository acts as custodian for the school district with respect to these deposits; and

(e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Unrestricted Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	$ 12,547,136	$ 2,964,896	$ 15,512,032
	$ 12,547,136	$ 2,964,896	$ 15,512,032

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was $15,512,032 and the bank balance was $17,994,801.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Mendham Township School District by inclusion of $1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance at June 30, 2024		$ 2,604,529
Interest Earnings	$ 26,585	
Return of Unexpended Funds	9,603	
Deposit by Board Resolution June 2025	490,711	
		526,899
		3,131,428
Budgeted Withdrawal		(1,300,000)
Balance at June 30, 2025		$ 1,831,428

The withdrawal was for use in DOE approved facilities projects, and the balance in the capital reserve account at June 30, 2025 does not exceed the Long-Range Facilities Plan balance of local support costs of uncompleted projects.

NOTE 5. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2025 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	(141,148)	$ (19,567)		(160,715)
	(141,148)	(19,567)		(160,715)
Governmental Activities Lease Assets, Net of Accumulated Amortization	$ 50,547	$ (19,567)	$ - 0 -	$ 30,980

Amortization expense of $19,567 was charged to Regular Instruction in the governmental functions.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Balance 6/30/2024	Increases	Decreases	Balance 6/30/2025
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 14,000			$ 14,000
Construction in Progress	3,825,361	$ 8,690,367		12,515,728
Total Capital Assets not Being Depreciated	3,839,361	8,690,367		12,529,728
Capital Assets Being Depreciated:				
Site Improvements	1,018,755			1,018,755
Buildings and Building Improvements	26,182,478	43,900		26,226,378
Machinery and Equipment	4,031,332	1,250,780		5,282,112
Total Capital Assets Being Depreciated	31,232,565	1,294,680		32,527,245
Governmental Activities Capital Assets	35,071,926	9,985,047		45,056,973
Less Accumulated Depreciated for:				
Site Improvements	(732,170)	(21,052)		(753,222)
Buildings and Building Improvements	(15,409,655)	(905,602)		(16,315,257)
Machinery and Equipment	(2,515,091)	(240,715)		(2,755,806)
Total Accumulated Depreciation	(18,656,916)	(1,167,369)		(19,824,285)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 16,415,010	$ 8,817,678	$ - 0 -	$ 25,232,688
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 164,682			$ 164,682
Less Accumulated Depreciation	(62,809)	$ (1,276)		(64,085)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 101,873	$ (1,276)	$ - 0 -	$ 100,597

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 3,825
Special Education Instruction	73
General Administrative Services	4,476
School Administrative Services	52,944
Operations & Maintenance of Plant	952,714
Student Transportation	144,226
Unallocated	9,111
	$ 1,167,369

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2024	Accrued	Retired	Balance 6/30/2025	Amount Due Within One Year
Bonds Payable	$ 18,870,000		$ 855,000	$ 18,015,000	$ 875,000
Net Pension Liability	4,043,545		715,108	3,328,437	
Leases Payable	53,069		19,873	33,196	20,712
Financed Purchases Payable	84,855	$ 555,351	265,535	374,671	122,628
Compensated Absences Payable	398,430	16,747		415,177	
Arbitrage Rebate Payable	300,000			300,000	
	$ 23,449,899	$ 572,098	$ 1,855,516	$ 22,466,481	$ 1,018,340

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.

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.

The District had bonds outstanding as of June 30, 2025 as follows:

Purpose	Final Maturity Date	Interest Rates	Amount
School Bonds, Series 2022	8/1/41	2.00% - 2.75%	$ 18,015,000
			$ 18,015,000

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 875,000	$ 444,525	$ 1,319,525
2027	885,000	426,925	1,311,925
2028	910,000	408,975	1,318,975
2029	925,000	390,625	1,315,625
2030	950,000	369,500	1,319,500
Thereafter 5 Years (2031-2035)	5,120,000	1,474,626	6,594,626
Thereafter 5 Years (2036-2040)	5,805,000	757,695	6,562,695
Thereafter 3 Years (2041-2042)	2,545,000	70,465	2,615,465
	$ 18,015,000	$ 4,343,336	$ 22,358,336

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board has $197 of bonds authorized but not issued.

C. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. There is no current portion of the net pension liability at June 30, 2025; therefore, the long-term portion of the net pension liability is $3,328,437. See Note 9 for further information on the PERS.

D. Leases Payable:

The District had leases outstanding as of June 30, 2025 as follows:

Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
2022 Savin Copier	Monthly	01/28/27	0.345%	$ 33,196
				$ 33,196

At June 30 2025, the short-term portion of leases payable is $20,712 and the long-term portion is $12,484.

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	$ 20,712	$ 984
2027	12,484	173
	$ 33,196	$ 1,157

E. Financed Purchases Payable

The District has financed purchases agreements for vehicles valued at $555,351, of which $180,680 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, 2025:

NOTE 7. LONG-TERM LIABILITIES: (Cont'd)

E. Financed Purchases Payable: (Cont'd)

Year	Amount
2026	$ 129,630
2027	129,630
2028	129,630
Total Minimum Financed Purchases Payments	388,890
Less: Amount Representing Interest	(14,219)
Present Value Net of Minimum Financed Purchases Payments	$ 374,671

At June 30, 2025, the short-term portion of financed purchases payable is $122,628 and the long-term portion is $252,043.

Principal and interest due for financed purchases outstanding will be liquidated through the General Fund as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	$ 122,628	$ 7,002
2027	124,855	4,775
2028	127,188	2,442
	$ 374,671	$ 14,219

F. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the 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 portion of compensated absences is $415,177. There is no liability for compensated absences in the District's Enterprise Funds.

G. Arbitrage Rebate Payable:

The District is subject to liability for arbitrage payable to the federal government relative to its $19,903,000 School Bonds dated March 30, 2022. There is no short-term portion of the arbitrage rebate payable; therefore, $300,000 is the long-term portion and will be liquidated through the Debt Service Fund.

NOTE 8: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District did not make any transfers to the Capital Outlay accounts.

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

Contributions

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

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. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. 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 have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability is being 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 is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to $333,316 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $10,731 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

Under N.J.SA. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2025, the District reported a liability of $3,328,437 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.025% for PERS, which was an decrease of 0.0034% as of June 30, 2023.

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit in the amount of $158,697 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense on behalf of the District in the amount of $10,731 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, 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	2020	5.16		$ 24,188
	2021	5.13	$ 4,135	
	2022	5.04		13,682
			4,135	37,870
Changes in Proportion	2020	5.16		17,194
	2021	5.13		153,097
	2022	5.04	14,281	
	2023	5.08	258,930	
	2024	5.08		417,235
			273,211	587,526
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		228,476
	2022	5.00		(362,441)
	2023	5.00		93,987
	2024	5.00		194,309
				154,331
Difference Between Expected and Actual Experience	2020	5.16	1,348	
	2021	5.13		3,288
	2022	5.04		5,573
	2023	5.08	17,121	
	2024	5.08	48,206	
			66,675	8,861
District Contribution Subsequent to the Measurement Date	2024	1.00	327,938	
			$ 671,959	$ 788,588

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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

Fiscal Year Ending June 30,	Total
2025	$ (305,194)
2026	80,563
2027	(80,865)
2028	(131,837)
2029	(7,234)
	$ (444,567)

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

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, 2024 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, 2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	$ 5,040,391	$ 3,328,437	$ 2,732,071

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements can be found at www.nj.gov/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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, 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 2025, the State of New Jersey contributed $2,833,446 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benifit of $116,853.

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

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

At June 30, 2025, the District reported a liability of $32,033,480 for its proportionate share of the net pension liability which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2025, the District's proportion was 0.065%, which was an increase of 0.003% from its proportion measured as of June 30, 2024.

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	32,033,480
Total	$ 32,033,480

For the fiscal year ended June 30, 2024, the State recognized a pension benefit on behalf of the District in the amount of $116,853 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 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	2017	8.30		$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			671,623,600	9,874,858,005
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			436,488,877	266,879,466
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				403,364,319
			$ 1,108,112,477	$ 10,545,101,790

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 the pension benefit excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2025	$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	(34,177,408)
	$ (9,436,989,313)

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

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, 2024 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, 2024		
	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	$ 38,076,326	$ 32,033,480	$ 26,944,262

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 $47,181 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to $64,070 for the fiscal year ended June 30, 2025.

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, 2025 audit is not available. Selected, summarized financial information for the SAIF as of June 30, 2024 is as follows:

	School Alliance Insurance Fund
Total Assets	$ 58,120,778
Net Position	$ 19,408,763
Total Revenue	$ 60,984,350
Total Expenses	$ 61,472,363
Change in Net Position	$ (488,013)
Members Dividends	$ - 0 -

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:

Fiscal Year	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2024-2025	$ 70,418	$ 61,655	$ 130,372
2023-2024	44,270	34,190	121,609
2022-2023	47,774	52,905	111,529

NOTE 12. TAX CALENDAR

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

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

NOTE 13. ECONOMIC DEPENDENCY

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

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 be 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, 2024 to June 30, 2025 fiscal year is as follows:

Balance at June 30, 2024		$ 758,024
Interest Earnings	$ 28,774	
Deposit by Board Resolution June 2025	140,042	
		168,816
Balance at June 30, 2025		$ 926,840

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type activities as of June 30, 2025 consisted of the following:

	Governmental Funds			District Contribution	
	General Fund	Total Governmental Funds		Subsequent to the Measurement Date	Total Governmental Activities
Vendors	$ 9,844	$ 9,844			$ 9,844
Payroll Deductions and Withholdings	33,391	33,391			33,391
Accrued Salaries and Wages	522	522			522
State of New Jersey				$ 327,938	327,938
	$ 43,757	$ 43,757		$ 327,938	$ 371,695

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 231,898	$ 449
Special Revenue Fund		267,476
Capital Projects Fund	36,573	1,149,329
Debt Service Fund	1,148,334	
Food Service Enterprise Fund	449	
	$ 1,417,254	$ 1,417,254

The interfund receivable in the General Fund represents funds advanced to the Special Revenue Fund while awaiting the collection of grants receivable. The interfund receivable in the Capital Projects Fund is payments made on behalf of the Special Revenue Fund. The interfund receivable in the Debt Service Fund is interest earned in the Capital Projects Fund to be transferred to the Debt Service Fund. The interfund receivable in the Food Service Enterprise Fund is a prior year interfund from the General Fund 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.

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, 2025, 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
$ 1,263,548	$ 3,705	$ 6,029,779	$ 7,297,032

On the District's Governmental Funds Balance Sheet as of June 30, 2025, $-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is $3,705 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. Of the $6,029,779 of year end encumbrances in the Capital Projects Fund $6,000,400 are included in the $7,638,892 restricted fund balance and $29,379 are included in the $29,379 of committed 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.

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 local 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.nj.gov/ treasury/pensions/gasb-notices-opeb.shtml.

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retirees, Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	219,185
Total	372,741

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

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.

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 - 5.65% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine 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 3.93%. This represents the municipal bond return 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.

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, 2023	$ 30,415,209
Changes for Year:	
Service Cost	1,332,241
Interest on the Total OPEB Liability	1,151,719
Difference between Actual and Expected Experience	320,654
Changes in Assumptions	2,617,561
Gross Benefit Payments by the State	(879,587)
Contributions from Members	30,118
Net Changes	4,572,706
Balance at June 30, 2024	$ 34,987,915

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, 2024, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2024			
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	$ 40,978,342	$ 34,987,915	$ 30,117,579

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, 2024, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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, 2024	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	$ 29,145,188	$ 34,987,915	$ 42,598,453

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $1,502,575 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is $-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2024 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		$ 670,986
	2018	9.51		819,164
	2019	9.29	$ 129,243	
	2020	9.24	3,333,859	
	2021	9.24	19,692	
	2022	9.13		5,350,521
	2023	9.30	48,591	
	2024	9.33	2,337,008	
			5,868,393	6,840,671

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)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	2018	9.51		774,365
	2019	9.29		1,521,180
	2020	9.24	3,107,287	
	2021	9.24		3,787,024
	2022	9.13	551,027	
	2023	9.30		451,396
	2024	9.33	83,231	
			3,741,545	6,533,965
Changes in Proportion	N/A	N/A	1,775,115	343,320
			$ 11,385,053	$ 13,717,956

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2025	$ (1,241,062)
2026	(1,040,638)
2027	(494,270)
2028	129,903
2029	(901,949)
Thereafter	(216,682)
	$ (3,764,698)

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's Proportion of the Net Pension Liability	0.0271968536%	0.0289757023%	0.0275596801%	0.0283090916%	0.0308185797%	0.0283556034%	0.0251685523%	0.0253543080%	0.0279166023%	0.0244953322%
District's Proportionate Share of the Net Pension Liability	$ 6,105,149	$ 8,581,772	$ 6,415,453	$ 5,573,919	$ 5,553,041	$ 4,624,057	$ 2,981,592	$ 3,826,314	$ 4,043,545	$ 3,328,437
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	$ 1,934,316
District's Proportionate Share of the Net Pension Liability as a % of its Covered Employee Payroll	308.22%	461.35%	329.44%	287.04%	269.02%	239.15%	162.37%	194.34%	211.80%	172.07%
Plan Fiduciary Net Position as a % of the Total Pension Liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	$ 233,820	$ 257,416	$ 257,758	$ 294,519	$ 332,591	$ 355,690	$ 294,753	$ 319,745	$ 373,113	$ 333,316
Contributions in relation to the Contractually Required Contribution	(233,820)	(257,416)	(257,758)	(294,519)	(332,591)	(355,690)	(294,753)	(319,745)	(373,113)	(333,316)
Contribution Deficiency/(Excess)	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -
District's Covered Employee Payroll	$ 1,860,159	$ 1,947,394	$ 1,941,846	$ 2,064,194	$ 1,933,563	$ 1,836,332	$ 1,968,911	$ 1,909,102	$ 1,934,316	$ 1,973,002
Contributions as a percentage of Covered Employee Payroll	12.57%	13.22%	13.27%	14.27%	17.20%	19.37%	14.97%	16.75%	19.29%	16.89%

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the Net Pension Liability attributable to the District	0.0632541340%	0.0635981239%	0.0614446201%	0.0607820632%	0.0595930953%	0.0630535908%	0.0618675715%	0.0600936302%	0.0613399346%	0.0648121626%
State's proportionate share of the Net Pension Liability attributable to the District	$ 39,979,314	$ 50,030,334	$ 41,428,178	$ 38,668,243	$ 36,572,847	$ 41,520,031	$ 29,742,952	$ 31,004,957	$ 31,303,406	$ 32,033,480
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	$ 8,431,206
State's proportionate share of the Net Pension Liability attributable to the District as a % of its Covered Employee Payroll	636.46%	802.46%	654.83%	612.49%	552.76%	614.26%	429.21%	420.18%	384.68%	379.94%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	28.71%	22.23%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	$ 2,441,097	$ 3,759,083	$ 2,869,934	$ 2,254,224	$ 2,157,164	$ 2,581,892	$ 699,865	$ 834,430	$ 769,034	$ (116,853)
Contributions in relation to the Contractually Required Contribution	(485,030)	(666,965)	(895,105)	(1,172,052)	(1,383,006)	(1,798,416)	(2,473,848)	(2,507,614)	(2,761,862)	(2,833,446)
Contribution Deficiency/(Excess)	$ 1,956,067	$ 3,092,118	$ 1,974,829	$ 1,082,172	$ 774,158	$ 783,476	$ (1,773,983)	$ (1,673,184)	$ (1,992,828)	$ (2,950,299)
District's Covered Employee Payroll	$ 6,234,653	$ 6,326,583	$ 6,313,240	$ 6,616,454	$ 6,759,313	$ 6,929,740	$ 7,378,988	$ 8,137,452	$ 8,431,206	$ 8,753,739
Contributions as a percentage of Covered Employee Payroll	7.78%	10.54%	14.18%	17.71%	20.46%	25.95%	33.53%	30.82%	32.76%	32.37%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability:								
Service Cost	$ 1,371,021	$ 1,141,866	$ 1,017,780	$ 1,103,254	$ 1,964,589	$ 1,662,789	$ 1,284,162	$ 1,332,241
Interest Cost	932,769	1,085,666	1,008,930	837,996	877,872	768,786	1,071,186	1,151,719
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)	61,304	2,617,561
Differences between Expected and Actual Experience		(2,772,223)	(3,911,619)	7,339,662	(7,223,601)	1,256,126	(203,457)	320,654
Member Contributions	25,168	23,469	21,079	20,523	22,443	24,429	27,451	30,118
Gross Benefit Payments	(683,489)	(679,040)	(711,096)	(677,110)	(691,517)	(761,505)	(835,007)	(879,587)
Net Change in Total OPEB Liability	(2,175,651)	(4,114,409)	(2,229,534)	15,728,898	(5,052,847)	(4,831,452)	1,405,639	4,572,706
Total OPEB Liability - Beginning	31,684,565	29,508,914	25,394,505	23,164,971	38,893,869	33,841,022	29,009,570	30,415,209
Total OPEB Liability - Ending	$29,508,914	$25,394,505	$23,164,971	$38,893,869	$33,841,022	$29,009,570	$30,415,209	$34,987,915
State's Covered Employee Payroll *	$ 8,273,977	$ 8,255,086	$ 8,680,648	$ 8,692,876	$ 8,766,072	$ 9,347,899	$10,046,554	$10,365,522
Total OPEB Liability as a Percentage of Covered Employee Payroll	357%	308%	267%	447%	386%	310%	303%	338%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and June 30, 2023 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.

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

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, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	$ 19,179,522		$ 19,179,522	$ 19,179,522	
Tuition From Individuals	416,754		416,754	692,329	$ 275,575
Transportation Fees From Other LEAs	1,630,000		1,630,000	1,798,542	168,542
Rents and Royalties	28,429		28,429	19,270	(9,159)
Unrestricted Miscellaneous Revenues	78,940		78,940	202,519	123,579
Interest Earned on Maintenance Reserve	125		125	28,774	28,649
Interest Earned on Capital Reserve Funds	125		125	26,585	26,460
Other Restricted Miscellaneous Revenues				8,763	8,763
Total Revenues from Local Sources	21,333,895		21,333,895	21,956,304	622,409
Revenues from State Sources:					
Categorical Transportation Aid	483,349		483,349	483,349	
Extraordinary Aid				382,779	382,779
Categorical Special Education Aid	912,637		912,637	912,637	
Categorical Security Aid	75,569		75,569	75,569	
Nonpublic Transportation Aid				39,684	39,684
TPAF Post Retirement Contributions (Non-Budgeted)				838,191	838,191
TPAF Pension Contributions (Non-Budgeted)				2,833,446	2,833,446
TPAF Non-Contributory Insurance (Non-Budgeted)				35,099	35,099
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,241	1,241
Reimbursed TPAF Social Security Contributions				636,508	636,508
Total Revenues from State Sources	1,471,555		1,471,555	6,238,503	4,766,948
TOTAL REVENUE	22,805,450		22,805,450	28,194,807	5,389,357

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	$ 268,858	$ (67,435)	$ 201,423	$ 198,583	$ 2,840
Kindergarten - Salaries of Teachers	414,132	6,600	420,732	416,707	4,025
Grades 1-5 - Salaries of Teachers	2,792,403	(17,970)	2,774,433	2,759,483	14,950
Grades 6-8 - Salaries of Teachers	1,924,215	(235,441)	1,688,774	1,681,579	7,195
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500		3,500		3,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	126,641	(85,150)	41,491	40,517	974
Purchased Professional-Educational Services	104,906	178,045	282,951	276,949	6,002
Purchased Technical Services	5,000	850	5,850	5,850	
Other Purchased Services (400-500 series)	224,380	69,635	294,015	281,223	12,792
General Supplies	504,146	5,033	509,179	449,033	60,146
Total Regular Programs - Instruction	6,368,181	(145,833)	6,222,348	6,109,924	112,424
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	70,175	6,934	77,109	76,379	730
Purchased Professional-Educational Services	94,187	(66,290)	27,897	26,936	961
General Supplies	2,732	566	3,298	2,125	1,173
Total Learning and/or Language Disabilities - Mild to Moderate	167,094	(58,790)	108,304	105,440	2,864

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	$ 1,324,618	$ (9,961)	$ 1,314,657	$ 1,314,600	$ 57
Other Salaries for Instruction	110,216	22,051	132,267	132,267	
General Supplies	7,616	(2,000)	5,616	5,266	350
Total Resource Room/Resource Center	1,442,450	10,090	1,452,540	1,452,133	407
Preschool Disabilities - Full-Time:					
Salaries of Teachers	158,498	64,995	223,493	223,490	3
Other Salaries for Instruction		96,000	96,000	95,602	398
Purchased Professional-Educational Services	328,206	(110,800)	217,406	217,398	8
General Supplies	6,029		6,029	5,979	50
Total Preschool Disabilities - Full-Time	492,733	50,195	542,928	542,469	459
Home Instruction:					
Salaries of Teachers	3,500	(1,730)	1,770		1,770
Other Purchased Services (400-500 series)		235	235	234	1
Total Home Instruction	3,500	(1,495)	2,005	234	1,771
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,105,777		2,105,777	2,100,276	5,501
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	380,460	6,740	387,200	387,200	
General Supplies	12,309	(6,740)	5,569	1,886	3,683
Total Basic Skills/Remedial - Instruction	392,769		392,769	389,086	3,683

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	$ 5,723		$ 5,723		$ 5,723
Total Bilingual Education - Instruction	5,723		5,723		5,723
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	168,706	$ (16,424)	152,282	$ 152,217	65
Purchased Services (300-500 series)	870	6,975	7,845	7,844	1
Supplies and Materials	14,035		14,035	13,983	52
Other Objects	3,264	2,902	6,166	6,067	99
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	186,875	(6,547)	180,328	180,111	217
School-Sponsored Athletics - Instruction:					
Salaries	81,991	(18,426)	63,565	54,817	8,748
Purchased Services (300-500 series)	11,735	33,660	45,395	45,393	2
Supplies and Materials	13,460	8,766	22,226	22,225	1
Other Objects	1,850	13,661	15,511	15,511	
Total School-Sponsored Athletics - Instruction	109,036	37,661	146,697	137,946	8,751
Summer School - Instruction:					
Salaries of Teachers	41,250		41,250	27,761	13,489
Other Salaries of Instruction	24,000	(13,661)	10,339	5,293	5,046
Purchased Professional & Technical Services	46,572	(22,980)	23,592	23,024	568
Total Summer School - Instruction	111,822	(36,641)	75,181	56,078	19,103
Total Summer School	111,822	(36,641)	75,181	56,078	19,103
TOTAL INSTRUCTION	9,280,183	(151,360)	9,128,823	8,973,421	155,402

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	$ 145,822	$ (98,844)	$ 46,978	$ 46,978	
Tuition to Priv. Sch. for the Handicap. W/I State	526,074	45,061	571,135	554,346	$ 16,789
Total Undistributed Expenditures - Instruction	671,896	(53,783)	618,113	601,324	16,789
Undistributed Expend. - Attend. & Social Work:					
Salaries	72,452	(11,993)	60,459	59,809	650
Purchased Professional and Technical Services	11,102	(3,215)	7,887	7,186	701
Other Purchased Services (400-500 series)	18,218	(7,215)	11,003	10,990	13
Supplies and Materials	1,362	3,855	5,217	4,117	1,100
Total Undist. Expend. - Attendance and Social Work	103,134	(18,568)	84,566	82,102	2,464
Undistributed Expenditures - Health Services:					
Salaries	146,525	70,220	216,745	216,745	
Purchased Professional and Technical Services	12,950	2,536	15,486	15,484	2
Other Purchased Services (400-500 series)	2,514	(1,732)	782	782	
Supplies and Materials	5,333	1,922	7,255	7,255	
Total Undist. Expenditures - Health Services	167,322	72,946	240,268	240,266	2
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	170,550	(29,900)	140,650	140,605	45
Purchased Professional - Educational Services	15,000	(11,468)	3,532	3,520	12
Supplies and Materials	800		800	425	375
Total Undist. Expend. - Speech, OT, PT, Related Svcs	186,350	(41,368)	144,982	144,550	432

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	$ 79,770	$ (8,974)	$ 70,796	$ 70,571	$ 225
Purchased Professional - Educational Services	251,839	156,495	408,334	408,334	
Supplies and Materials	1,500	(750)	750		750
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	333,109	146,771	479,880	478,905	975
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	288,175	(58,619)	229,556	229,542	14
Salaries of Secretarial and Clerical Assistants	58,285		58,285	58,285	
Purchased Professional - Educational Services	1,070	1,324	2,394	2,394	
Other Purchased Services (400-500 series)	13,922		13,922	13,457	465
Supplies and Materials	7,195	1,400	8,595	8,268	327
Other Objects	387	(111)	276	60	216
Total Undist Expend. - Guidance	369,034	(56,006)	313,028	312,006	1,022
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	419,003	10,893	429,896	429,824	72
Salaries of Secretarial and Clerical Assistants	54,739	1,041	55,780	55,739	41
Other Purchased Prof. and Tech. Services	5,000	1,932	6,932	6,813	119
Other Purchased Services (400-500 series)	9,600	2,860	12,460	12,368	92
Supplies and Materials	4,500	600	5,100	4,830	270
Other Objects	1,195	2,006	3,201	3,103	98
Total Undist Expend. - Child Study Team	494,037	19,332	513,369	512,677	692

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	$ 237,531	$ (14,201)	$ 223,330	$ 216,961	$ 6,369
Other Salaries	10,000	(4,524)	5,476	5,160	316
Purchased Professional - Educational Services	5,000	(454)	4,546	4,536	10
Supplies and Materials	3,774		3,774		3,774
Total Undist. Expend.-Improv. of Inst. Serv.	256,305	(19,179)	237,126	226,657	10,469
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	189,921	3,252	193,173	193,169	4
Salaries of Technology Coordinators	127,480	3,133	130,613	130,609	4
Purchased Professional and Technical Services	5,832	(4,033)	1,799	1,270	529
Other Purchased Services (400-500 series)	7,929	(5,902)	2,027	2,022	5
Supplies and Materials	19,555		19,555	16,750	2,805
Total Undist Expend-Edu. Media Serv./Sch. Library	350,717	(3,550)	347,167	343,820	3,347
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	5,000	5,025	10,025	10,016	9
Total Undist.Expend.-Instructional Staff Training Services	5,000	5,025	10,025	10,016	9

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	$ 410,699	$ (1,240)	$ 409,459	$ 409,456	$ 3
Legal Services	12,000	194	12,194	11,433	761
Audit Fees	35,000	13,000	48,000	48,000	
Architectural/Engineering Services	35,000	(22,950)	12,050	1,200	10,850
Other Purchased Professional Services	16,525	35,745	52,270	50,070	2,200
Communications / Telephone	44,500	5,623	50,123	50,122	1
BOE Other Purchased Services	5,100	2,030	7,130	4,929	2,201
Other Purch. Serv. (400-500 series other than 530 & 585)	9,720	2,556	12,276	12,275	1
General Supplies	5,835	(2,238)	3,597	3,535	62
BOE In-house training/ Meeting Supplies	500		500		500
Miscellaneous Expenditures	7,480	(982)	6,498	6,260	238
BOE Membership Dues and Fees	7,700	2,234	9,934	9,934	
Total Undist. Expend.-Support Serv.-Gen. Admin.	590,059	33,972	624,031	607,214	16,817
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	361,315	27,818	389,133	388,728	405
Salaries of Other Professional Staff	17,500	16,485	33,985	33,984	1
Salaries of Secretarial and Clerical Assistants	117,843	13,300	131,143	131,123	20
Purchased Professional and Technical Services	4,233	(1,900)	2,333	2,237	96
Other Purchased Services (400-500 series)	8,000	(3,995)	4,005	4,003	2
Supplies and Materials	11,903	(5,066)	6,837	6,804	33
Other Objects	4,107	(1,787)	2,320	2,320	
Total Undist. Expend.-Support Serv.-School Adm.	524,901	44,855	569,756	569,199	557

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	$ 283,389	$ (6,418)	$ 276,971	$ 276,962	$ 9
Purchased Professional Services	24,267	9,832	34,099	34,098	1
Miscellaneous Purchased Services (400-500 series other than 594)	2,447	2,002	4,449	4,337	112
Supplies and Materials	6,052	(3,132)	2,920	2,915	5
Other Objects	2,200		2,200	2,075	125
Total Undist. Expend. - Central Services	318,355	2,284	320,639	320,387	252
Undist. Expend. - Admin. Info. Technology:					
Other Purchased Services (400-500 series)	4,000	1,654	5,654	5,653	1
Supplies and Materials	4,000	(2,788)	1,212	794	418
Total Undist. Expend. - Admin. Info. Technology	8,000	(1,134)	6,866	6,447	419
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	156,788	2,010	158,798	158,793	5
Cleaning, Repair, and Maintenance Services	298,484	35,171	333,655	322,001	11,654
General Supplies	124,873	(732)	124,141	123,805	336
Total Undist. Expend.- Required Maint. for School Facilities	580,145	36,449	616,594	604,599	11,995

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	$ 618,981	$ (14,866)	$ 604,115	$ 585,039	$ 19,076
Salaries of Non-Instructional Aides	33,400	2,117	35,517	35,514	3
Purchased Professional and Technical Services	37,092	281	37,373	37,322	51
Cleaning, Repair, and Maintenance Services	26,852	(5,411)	21,441	4,768	16,673
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.		56,400	56,400	56,400	
Lease Purchase Pymts - Energy Savings Impr Prog	42,000	(42,000)			
Other Purchased Property Services	32,040	7,727	39,767	39,573	194
Insurance	237,446	(37,867)	199,579	198,573	1,006
Miscellaneous Purchased Services	5,000	277	5,277	5,276	1
General Supplies	49,825	5,728	55,553	50,763	4,790
Energy (Natural Gas)	58,709	38,800	97,509	93,203	4,306
Energy (Electricity)	280,144	(62,892)	217,252	210,586	6,666
Energy (Gasoline)	3,500	533	4,033	3,145	888
Other Objects	960	(810)	150	150	
Total Undist. Expend.-Custodial Services	1,425,949	(51,983)	1,373,966	1,320,312	53,654
Care and Upkeep of Grounds:					
Salaries	78,100	(4,264)	73,836	62,425	11,411
Cleaning, Repair, and Maintenance Services	30,104	(11,471)	18,633	15,581	3,052
General Supplies	23,050	(1,268)	21,782	18,951	2,831
Total Care And Upkeep Of Grounds	131,254	(17,003)	114,251	96,957	17,294

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Purchased Professional and Technical Services	$ 3,000	$ 19,000	$ 22,000	$ 21,508	$ 492
Cleaning, Repair, and Maintenance Services	3,000	(1,610)	1,390	1,086	304
General Supplies	3,000	6,460	9,460	8,609	851
Total Security	9,000	23,850	32,850	31,203	1,647
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	2,146,348	(8,687)	2,137,661	2,053,071	84,590
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	1,409,822	15,129	1,424,951	1,424,944	7
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	263,666	48,099	311,765	311,493	272
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	115,761	(73,299)	42,462	41,344	1,118
Sal. For Pupil Trans. (Bet. Home & Sch) Non Public	39,883	(36,929)	2,954	2,925	29
Management Fee - ESC&CTSA Transportation Program	4,954	(500)	4,454	3,474	980
Cleaning, Repair, and Maint. Services	395,930	(94,000)	301,930	290,873	11,057
Lease Purchase Payments - School Buses	432,333	168,800	601,133	601,098	35
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	90,000	15,000	105,000	89,295	15,705
Contract. Serv.(Reg. Students)-ESCs & CTSAs	8,323	(5,630)	2,693	2,687	6
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	51,686	(15,000)	36,686	33,783	2,903
Misc. Purchased Serv. - Transportation	17,807	25,025	42,832	42,825	7
Transportation Supplies	184,800	128,040	312,840	137,223	175,617
Other Objects	4,500	7,100	11,600	8,269	3,331
Total Undist. Expend.-Student Trans. Serv.	3,019,465	181,835	3,201,300	2,990,233	211,067

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Social Security Contributions	$ 399,056	$ 11,600	$ 410,656	$ 405,380	$ 5,276
Tuition Reimbursement	60,000	35,522	95,522	95,511	11
Total Regular Programs - Instruction	459,056	47,122	506,178	500,891	5,287
TOTAL ALLOCATED BENEFITS	459,056	47,122	506,178	500,891	5,287
UNALLOCATED BENEFITS					
Other Retirement Contributions - PERS	447,736	(80,800)	366,936	333,316	33,620
Other Retirement Contributions - Regular	41,872	6,645	48,517	47,181	1,336
Unemployment Compensation	5,000		5,000		5,000
Workers Compensation	207,223	(50,795)	156,428	129,945	26,483
Health Benefits	3,479,533		3,479,533	3,114,380	365,153
Other Employee Benefits	904,965	(107,210)	797,755	782,924	14,831
TOTAL UNALLOCATED BENEFITS	5,086,329	(232,160)	4,854,169	4,407,746	446,423
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				838,191	(838,191)
TPAF Pension Contributions (Non-Budgeted)				2,833,446	(2,833,446)
TPAF Non-Contributory Insurance (Non-Budgeted)				35,099	(35,099)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,241	(1,241)
Reimbursed TPAF Social Security Contributions				636,508	(636,508)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				4,344,485	(4,344,485)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	5,545,385	(185,038)	5,360,347	9,253,122	(3,892,775)
TOTAL UNDISTRIBUTED EXPENDITURES	15,089,417	119,707	15,209,124	18,751,996	(3,542,872)
TOTAL GENERAL CURRENT EXPENSE	24,369,600	(31,653)	24,337,947	27,725,417	(3,387,470)

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.	$ 74,024		$ 74,024	$ 74,024	
Total Equipment	74,024		74,024	74,024	
Facilities Acquisition and Construction Serv.:					
Supplies and Materials	1,000,000	$ (86,000)	914,000		$ 914,000
Infrastructure	300,000	(215,000)	85,000	43,900	41,100
Assessment for Debt Service on SDA Funding	61,715		61,715	61,715	
Total Facilities Acquisition and Const. Serv.	1,361,715	(301,000)	1,060,715	105,615	955,100
Assets Acquired Under Financed Purchases (Non-Budgeted):					
Transportation - School Buses				555,351	(555,351)
Total Assets Acquired Under Financed Purchases (Non-Budgeted)				555,351	(555,351)
TOTAL CAPITAL OUTLAY	1,435,739	(301,000)	1,134,739	734,990	399,749
Transfer of Funds to Charter Schools		51,653	51,653	51,653	
		51,653	51,653	51,653	
TOTAL EXPENDITURES	25,805,339	(281,000)	25,524,339	28,512,060	(2,987,721)

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	$ (2,999,889)	$ 281,000	$ (2,718,889)	$ (317,253)	$ 2,401,636
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				555,351	555,351
Capital Outlay - Transfer to Capital Projects		(281,000)	(281,000)	(281,000)	
Total Other Financing Sources/(Uses)		(281,000)	(281,000)	274,351	555,351
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,999,889)		(2,999,889)	(42,902)	2,956,987
Fund Balance, July 1	7,074,975		7,074,975	7,074,975	
Fund Balance, June 30	$ 4,075,086	$ - 0 -	$ 4,075,086	$ 7,032,073	$ 2,956,987

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Recapitulation:	
Restricted Fund Balance:	
Excess Surplus - Restricted For 2026-2027	$ 986,969
Excess Surplus - Restricted For 2025-2026	992,589
Capital Reserve	1,831,428
Maintenance Reserve	926,840
Unemployment Compensation	130,372
Assigned Fund Balance:	
Year End Encumbrances	1,263,548
Unassigned Fund Balance	900,327
	7,032,073
Reconciliation to Governmental Funds Statement (GAAP):	
Last State Aid Payments not Recognized on GAAP basis	(138,564)
Fund Balance per Governmental Funds (GAAP)	$ 6,893,509

Exhibit C-2

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		$ 222,596	$ 222,596	$ 222,596	
Federal Sources	$ 130,000	135,390	265,390	265,390	
Total Revenues	130,000	357,986	487,986	487,986	
EXPENDITURES:					
Instruction:					
Salaries of Teachers		13,841	13,841	13,841	
Purchased Professional and Technical Services		9,678	9,678	9,678	
Tuition	102,300	49,746	152,046	152,046	
General Supplies	27,700	(7,492)	20,208	20,208	
Total Instruction	130,000	65,773	195,773	195,773	
Support Services:					
Personal Services - Employee Benefits		5,362	5,362	5,362	
Purchased Professional and Technical Services		14,242	14,242	14,242	
Other Purchased Professional Services		29,385	29,385	29,385	
Supplies and Materials		39,573	39,573	39,573	
Student Activites		220,332	220,332	220,332	
Total Support Services		308,894	308,894	308,894	
Total Expenditures	$ 130,000	$ 374,667	$ 504,667	$ 504,667	
Excess/(Deficit) of Revenue Over/(Under) Expenditures	$ - 0 -	$ (16,681)	$ (16,681)	$ (16,681)	$ - 0 -

Exhibit C-3

MENDHAM TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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	$ 28,194,807	$ 487,986
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(3,705)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	119,613	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(138,564)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds	$ 28,175,856	$ 484,281
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 28,512,060	$ 504,667
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		(3,705)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 28,512,060	$ 500,962

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, 2025 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, 2025

	I.D.E.A. Part B		ARP NJ High Impact	Elementary and Secondary Education Act	
	Basic	Preschool	Tutoring	Title II - Part A	Title IV
REVENUES:					
Local Sources					
Federal Sources	$ 181,698	$ 9,678	$ 3,041	$ 7,471	$ 10,000
Total Revenues	181,698	9,678	3,041	7,471	10,000
EXPENDITURES:					
Instruction:					
Salaries of Teachers			2,321		
Purchased Professional and Technical Services		9,678			
Tuition	152,046				
General Supplies	9,737		246		10,000
Total Instruction	161,783	9,678	2,567		10,000
Support Services:					
Personal Services - Employee Benefits			178		
Purchased Professional and Technical Services			296	7,471	
Other Purchased Professional Services	19,915				
Supplies and Materials					
Student Activites					
Total Support Services	19,915		474	7,471	
Total Expenditures	$ 181,698	$ 9,678	$ 3,041	$ 7,471	$ 10,000

MENDHAM TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

	ARP				
	Summer Learning	Mental Health	Student Activities	Local Grants	Totals
REVENUES:					
Local Sources			$ 203,651	$ 18,945	$ 222,596
Federal Sources	$ 16,929	$ 36,573			265,390
Total Revenues	16,929	36,573	203,651	18,945	487,986
EXPENDITURES:					
Instruction:					
Salaries of Teachers	11,520				13,841
Purchased Professional and Technical Services					9,678
Tuition					152,046
General Supplies	225				20,208
Total Instruction	11,745				195,773
Support Services:					
Personal Services - Employee Benefits	5,184				5,362
Purchased Professional and Technical Services				6,475	14,242
Other Purchased Professional Services				9,470	29,385
Supplies and Materials		36,573		3,000	39,573
Student Activites			220,332		220,332
Total Support Services	5,184	36,573	220,332	18,945	308,894
Total Expenditures	$ 16,929	$ 36,573	$ 220,332	$ 18,945	$ 504,667

CAPITAL PROJECTS FUND

Exhibit F-1

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, 2025

Revenue and Other Financing Sources:	
State Sources - ROD Grant	$ 791,783
Transfer from Capital Outlay	281,000
Interest on Investments	385,360
Total Revenue and Other Financing Sources	1,458,143
Expenditures:	
Purchased Professional and Technical Services	294,308
Construction Services	7,212,016
Other Objects	1,184,043
Total Expenditures	8,690,367
Other Financing Uses:	
Transfer Out - Debt Service Fund	385,360
Total Other Financing Uses	385,360
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Sources(Uses)	(7,617,584)
Fund Balance - Beginning of Year	16,377,638
Fund Balance - End of Year	$ 8,760,054
Recapitulation:	
Restricted for Year-End Encumbrances	$ 6,000,400
Restricted	1,638,492
Committed for Year-End Encumbrances	29,379
Committed	791,783
Assigned	300,000
	8,760,054
Reconciliation to Governmental Funds Statement (GAAP):	
ROD Grants not Recognized on GAAP Basis	(791,783)
Fund Balance per Governmental Funds Budgetary/GAAP Basis	$ 7,968,271

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, 2025

	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	34,267		34,267	34,267
Purchased Professional and Technical Services	1,440,484	$ 170,783	1,611,267	1,482,071
Construction Services	2,159,428	7,083,920	9,243,348	18,195,676
Other Objects	191,183	1,184,043	1,375,226	191,183
Total Expenditures	3,825,362	8,438,746	12,264,108	19,903,197
Excess of Revenue and Other Financing Sources over Expenditures	$ 16,077,638	$ (8,438,746)	$ 7,638,892	$ - 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
Additional Authorized Cost	$ -0-
Revised Authorized Cost	$ 19,903,197
Percentage Completion	62%
Original Target Completion Date	06/30/24
Revised Target Completion Date	06/30/26

MENDHAM TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MENDHAM TOWNSHIP ELEMENTARY SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:			
State Sources - ROD Grant	$ 273,103	$ 273,103	$ 273,103
Transfer from Capital Outlay	134,341	134,341	409,655
Total Revenue and Other Financing Sources	407,444	407,444	682,758
Expenditures:			
Purchased Professional and Technical Services	58,877	58,877	68,275
Construction Services	67,398	67,398	600,827
General Supplies			13,656
Total Expenditures	126,275	126,275	682,758
Excess of Revenue and Other Financing Sources over Expenditures	$ 281,169	$ 281,169	$ - 0 -

Additional Project Information:

Project Number	02-27-3100-050-23-R501
Grant Date	09/20/23
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 682,758
Percentage Completion	31%
Original Target Completion Date	6/30/2026

MENDHAM TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MENDHAM TOWNSHIP MIDDLE SCHOOL HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:			
State Sources - ROD Grant	$ 518,680	$ 518,680	$ 518,680
Transfer from Capital Outlay	146,659	146,659	778,021
Total Revenue and Other Financing Sources	665,339	665,339	1,296,701
Expenditures:			
Purchased Professional and Technical Services	$ 64,648	64,648	129,670
Construction Services	60,698	60,698	1,141,097
General Supplies			25,934
Total Expenditures	125,346	125,346	1,296,701
Excess of Revenue and Other Financing Sources over Expenditures	$ 539,993	$ 539,993	$ - 0 -

Additional Project Information:

Project Number	02-27-3100-060-23-R501
Grant Date	09/20/23
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 1,296,701
Change Order Percentage	0.00%
Percentage Completion	9.67%
Original Target Completion Date	6/30/2026

PROPRIETARY FUNDS

Exhibit G-1

MENDHAM TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Major Fund	Non-Major Fund	Total
	Food Service	Middle School Play	Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 83,071	$ 11,090	$ 94,161
Interfund Accounts Receivable	449		449
Inventories	6,037		6,037
Total Current Assets	89,557	11,090	100,647
Non-Current Assets:			
Capital Assets	164,682		164,682
Less: Accumulated Depreciation	(64,085)		(64,085)
Total Non-Current Assets	100,597		100,597
Total Assets	190,154	11,090	201,244
LIABILITIES:			
Current Liabilities:			
Unearned Revenue - Prepaid Meals	19,466		19,466
Total Current Liabilities	19,466		19,466
NET POSITION:			
Investment in Capital Assets	100,597		100,597
Unrestricted	70,091	11,090	81,181
Total Net Position	$ 170,688	$ 11,090	$ 181,778

Exhibit G-2

MENDHAM TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Major Fund	Non-Major Fund	Total
	Food Service	Middle School Play	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Meals	$ 529,015		$ 529,015
Charges for Services:			
Program Fees		$ 19,627	19,627
Total Operating Revenue	529,015	19,627	548,642
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	195,344		195,344
Salaries, Benefits & Payroll Taxes	237,293		237,293
Supplies, Insurance & Other Costs	27,782		27,782
Management Fee	36,969		36,969
Program Expenses		21,863	21,863
Depreciation Expense	1,276		1,276
Total Operating Expenses	498,664	21,863	520,527
Operating Income/(Loss)	30,351	(2,236)	28,115
Non-Operating Revenue:			
Local Sources:			
Interest Income	3,628	381	4,009
Total Non-Operating Revenue	3,628	381	4,009
Change in Net Position	33,979	(1,855)	32,124
Net Position - Beginning of Year	136,709	12,945	149,654
Net Position - End of Year	$ 170,688	$ 11,090	$ 181,778

Exhibit G-3

MENDHAM TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Major Fund	Non-Major Fund	Total
	Food Service	Middle School Play	Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	$ 532,575	$ 19,627	$ 552,202
Payments for Programs	(5,011)	(21,863)	(26,874)
Payments to Food Service Vendor	(487,322)		(487,322)
Net Cash Provided by/(Used for) Operating Activities	40,242	(2,236)	38,006
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	3,628	381	4,009
Net Cash Provided by Investing Activities	3,628	381	4,009
Net Increase/(Decrease) in Cash and Cash Equivalents	43,870	(1,855)	42,015
Cash and Cash Equivalents, July 1	39,201	12,945	52,146
Cash and Cash Equivalents, June 30	$ 83,071	$ 11,090	$ 94,161
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	$ 30,351	$ (2,236)	28,115
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation	1,276		1,276
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory	5,055		5,055
Increase/(Decrease) in Unearned Revenue	3,560		3,560
Increase/(Decrease) in Accounts Payable	(1,100)		(1,100)
Increase/(Decrease) in Interfund Payable	1,100		1,100
Net Cash Provided by/(Used for) Operating Activities	$ 40,242	$ (2,236)	$ 38,006

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

Exhibit I-1

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG TERM LIABILITIES
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2025 Date	Amount	Interest Rate	Balance July 1, 2024	Retired or Matured	Balance June 30, 2025
School Bonds, Series 2022	03/30/22	$ 19,903,000	08/01/25	$ 875,000	2.00%	$ 18,870,000	$ 855,000	$ 18,015,000
			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%			
						$ 18,870,000	$ 855,000	$ 18,015,000

Exhibit I-2

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES

Purpose	Original Issue	Interest Rate	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
2020 54-Passenger Bus	$ 414,332	2.27%	$ 84,855		$ 84,855	
2024 54-Passenger Bus	253,579	4.72%		$ 253,579	105,237	$ 148,342
2024 54-Passenger Bus	301,772	0.00%		301,772	75,443	226,329
			$ 84,855	$ 555,351	$ 265,535	$ 374,671

Exhibit I-3

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Purpose	Interest Rate	Original Issue	Balance July 1, 2024	Matured	Balance June 30, 2025
2022 Savin Copier	3.45%	$ 97,836	$ 53,069	$ 19,873	$ 33,196
			$ 53,069	$ 19,873	$ 33,196

Exhibit I-4

MENDHAM TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

Exhibit I-5

MENDHAM TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARSION SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 926,232		$ 926,232	$ 926,232	
State Sources:					
Debt Service Aid Type II	427,156		427,156	427,156	
Total Revenues	1,353,388		1,353,388	1,353,388	
EXPENDITURES:					
Regular Debt Service:					
Interest	498,388		498,388	498,388	
Redemption of Principal	855,000		855,000	855,000	
Total Regular Debt Service	1,353,388		1,353,388	1,353,388	
Total Expenditures	1,353,388		1,353,388	1,353,388	
(Deficit) of Revenues (Under) Expenditures	- 0 -		- 0 -	- 0 -	
Other Financing Sources:					
Transfers In - Capital Projects Fund - Interest Earnings				385,360	$ 385,360
Total Other Financing Sources				385,360	385,360
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures				385,360	385,360
Fund Balance, July 1	762,974		762,974	762,974	
Fund Balance, June 30	$ 762,974	$ - 0 -	$ 762,974	$ 1,148,334	$ 385,360

Recapitulation:

Restricted Fund Balance	$ 1,148,334

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

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

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

Exhibit J-1

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	$12,714,846	$13,002,974	$11,393,587	$12,166,320	$12,533,521	$12,719,795	$ 13,148,798	$ 13,495,176	$ 13,535,271	$ 14,479,693
Restricted	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808	6,210,594	6,366,824	6,092,788
Unrestricted/(Deficit)	(5,876,520)	(5,810,621)	(6,089,767)	(6,129,919)	(6,229,393)	(4,789,486)	(4,096,711)	(4,087,010)	(3,431,712)	(2,326,587)
Total Governmental Activities	$ 9,268,116	$10,473,724	$ 8,083,383	$ 8,264,654	$ 9,419,259	$11,848,269	$ 13,880,895	$ 15,618,760	$ 16,470,383	$ 18,245,894
Business-Type Activities:										
Net Investment in Capital Assets	$ 39,987	$ 43,094	$ 69,763	$ 65,572	$ 30,627	$ 25,873	$ 20,692	$ 83,187	$ 101,873	$ 100,597
Unrestricted/(Deficit)	830,557	(143,118)	55,255	60,445	49,318	29,079	40,382	53,287	47,781	81,181
Total Business-Type Activities/(Deficit)	$ 870,544	$ (100,024)	$ 125,018	$ 126,017	$ 79,945	$ 54,952	$ 61,074	$ 136,474	$ 149,654	$ 181,778
District-Wide:										
Net Investment in Capital Assets	$12,754,833	$13,046,068	$11,463,350	$12,231,892	$12,564,148	$12,745,668	$ 13,169,490	$ 13,578,363	$ 13,637,144	$ 14,580,290
Restricted	2,429,790	3,281,371	2,779,563	2,228,253	3,115,131	3,917,960	4,828,808	6,210,594	6,366,824	6,092,788
Unrestricted/(Deficit)	(5,045,963)	(5,953,739)	(6,034,512)	(6,069,474)	(6,180,075)	(4,760,407)	(4,056,329)	(4,033,723)	(3,383,931)	(2,245,406)
Total District Net Position	$10,138,660	$10,373,700	$ 8,208,401	$ 8,390,671	$ 9,499,204	$11,903,221	$ 13,941,969	$ 15,755,234	$ 16,620,037	$ 18,427,672

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)

	For the Fiscal Year Ended June 30,									
Expenses:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Instruction:										
Regular	$ 6,313,306	$ 6,658,674	$ 8,986,250	$ 8,307,563	$ 8,258,757	$ 9,390,165	$ 9,278,790	$ 9,537,837	$ 10,022,073	$ 9,610,896
Special Education	1,492,497	1,594,096	2,777,430	2,633,503	2,821,994	2,793,433	2,826,426	2,672,645	3,081,049	3,081,753
Other Special Education	362,199	387,201								
Other Instruction	330,098	297,251	686,536	532,454	643,700	392,749	249,626	271,688	347,263	517,981
School - Sponsored Instruction			95,963	203,760	248,689	214,180	241,469	315,137	302,095	374,135
Support Services:										
Tuition	627,038	239,943	199,346	279,052	266,576	140,074	298,248	198,433	427,220	601,324
Student and Instruction Related Services	1,946,654	1,993,151	2,993,835	2,859,598	2,370,468	2,125,288	2,382,548	2,726,005	3,084,365	3,260,393
General Administrative Services	634,217	668,166	708,975	653,455	736,119	788,998	903,932	843,287	863,422	830,183
School Administrative Services	787,022	835,610	1,144,566	1,077,501	845,071	738,557	746,989	772,719	748,640	855,544
Central Services	293,257	278,549	433,729	434,052	479,544	512,226	498,016	467,854	497,565	477,445
Plant Operations and Maintenance	2,430,491	2,583,776	2,267,846	2,385,403	2,124,534	2,417,024	2,601,587	2,886,354	3,135,981	3,285,317
Pupil Transportation	2,641,080	2,619,195	2,256,004	2,365,703	2,310,152	2,441,564	3,040,053	3,032,201	3,414,710	2,841,242
Unallocated Employee Benefits	(44,112)	667,857								
Unallocated Depreciation			5,027	6,214	6,439	9,182	8,754	8,433	8,694	9,111
Charter Schools		50,360	20,954		17,930					51,653
Capital Outlay			314,714	61,715	61,355	94,233	104,713	61,715	61,715	61,715
Interest on Long-Term Debt	302,485	270,936	244,899	191,521	146,157	111,711	196,441	549,079	784,847	478,767
Total Governmental Activities Expenses	18,116,232	19,144,765	23,136,074	21,991,494	21,337,485	22,169,384	23,377,592	24,343,387	26,779,639	26,337,459
Business-Type Activities:										
Food Service	292,935	280,416	316,065	319,648	240,837	84,740	259,798	368,030	426,487	500,900
Enrichment Program	32,517	24,908	26,235							
Preschool Program	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	19,802	19,627
Total Business-Type Activities Expense	364,088	308,288	446,465	799,410	251,515	88,460	298,557	389,704	446,289	520,527
Total District Expenses	$ 18,480,320	$ 19,453,053	$ 23,582,539	$ 22,790,904	$ 21,589,000	$ 22,257,844	$ 23,676,149	$ 24,733,091	$ 27,225,928	$ 26,857,986
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	$ 63,384	$ 45,525	$ 48,607	$ 78,814	$ 434,343	$ 360,936	$ 512,625	$ 641,188	$ 564,760	$ 692,329
Student & Instruction Related Services						58,126	98,163	191,552	175,272	218,891
Plant Operations and Maintenance	11,759	12,729								
Pupil Transportation	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389	2,011,938	1,717,128	1,798,542
Operating Grants and Contributions	1,789,617	1,863,123	6,207,991	5,099,924	4,376,337	5,048,280	4,845,720	4,247,959	4,740,899	4,123,977
Total Governmental Activities Program Revenues	2,605,503	2,730,866	7,067,507	6,129,744	6,006,973	6,803,343	7,124,897	7,092,637	7,198,059	6,833,739

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

	For the Fiscal Year Ended June 30,									
Program Revenues:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-Type Activities:										
Charges for Services:										
Food Service	$ 299,975	$ 298,406	$ 319,700	$ 318,315	$ 229,617	$ 59,575	$ 273,764	$ 389,729	$ 437,504	$ 526,779
Enrichment Program	71,707	139,185	153							
Preschool Program	217,560	217,719	298,776	338,872						
2 Year Old Program			91,277	91,004						
Middle School Play			20,759	50,723	6,120	3,792	30,756	20,067	18,176	21,863
Operating Grants and Contributions	3,734	3,729	3,546							
Total Business-Type Activities Program Revenues	592,976	659,039	734,211	798,914	235,737	63,367	304,520	409,796	455,680	548,642
Total District Program Revenues	$ 3,198,479	$ 3,389,905	$ 7,801,718	$ 6,928,658	$ 6,242,710	$ 6,866,710	$ 7,429,417	$ 7,502,433	$ 7,653,739	$ 7,382,381
Net (Expense)/Revenue:										
Governmental Activities	$ (15,510,729)	$ (16,413,899)	$ (16,068,567)	$ (15,861,750)	$ (15,330,512)	$ (15,366,041)	$ (16,252,695)	$ (17,250,750)	$ (19,581,580)	$ (19,503,720)
Business-Type Activities	228,888	350,751	287,746	(496)	(15,778)	(25,093)	5,963	20,092	9,391	28,115
Total District-Wide Net Expense	$ (15,281,841)	$ (16,063,148)	$ (15,780,821)	$ (15,862,246)	$ (15,346,290)	$ (15,391,134)	$ (16,246,732)	$ (17,230,658)	$ (19,572,189)	$ (19,475,605)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	$ 14,382,115	$ 14,367,805	$ 14,645,103	$ 14,762,364	$ 15,499,544	$ 16,632,084	$ 16,964,726	$ 17,210,733	$ 17,949,755	$ 19,179,522
Taxes Levied for Debt Service	1,178,925	1,180,538	1,205,525	1,189,038	1,216,925	946,175	1,110,800	1,089,930	921,744	926,232
Unrestricted Grants and Contributions	590,109	581,687	34,804	15,699	14,031	13,862	154,918	94,221	697,637	502,206
Miscellaneous Income	124,557	6,685	21,639	75,767	25,237	168,518	54,877	646,587	864,067	671,271
Financed Purchase Payments	176,221	181,704								
Fixed Assets	194,802	(139,811)								
Transfers	274,723	581,181		153	(133)			(52,856)		
Other Items					(310,301)					
Total Governmental Activities	16,921,452	16,759,789	15,907,071	16,043,021	16,445,303	17,760,639	18,285,321	18,988,615	20,433,203	21,279,231
Business-Type Activities:										
Transfers	(274,723)	(581,181)		(153)	133			52,856		
Miscellaneous Income	904	1,294	965	1,648	862	100	159	2,452	3,789	4,009
Other Items			19,698		(31,289)					
Total Business-Type Activities	(273,819)	(579,887)	20,663	1,495	(30,294)	100	159	55,308	3,789	4,009
Total District-Wide	$ 16,647,633	$ 16,179,902	$ 15,927,734	$ 16,044,516	$ 16,415,009	$ 17,760,739	$ 18,285,480	$ 19,043,923	$ 20,436,992	$ 21,283,240
Change in Net Position:										
Governmental Activities	$ 1,410,723	$ 345,890	$ (161,496)	$ 181,271	$ 1,114,791	$ 2,394,598	$ 2,032,626	$ 1,737,865	$ 851,623	$ 1,775,511
Business-Type Activities	(44,931)	(229,136)	308,409	999	(46,072)	(24,993)	6,122	75,400	13,180	32,124
Total District	$ 1,365,792	$ 116,754	$ 146,913	$ 182,270	$ 1,068,719	$ 2,369,605	$ 2,038,748	$ 1,813,265	$ 864,803	$ 1,807,635

Source: Mendham Township School District Financial records.

Exhibit J-3

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	$ 2,387,228	$ 3,281,371	$ 2,779,563	$ 2,228,253	$ 3,040,147	$ 3,843,360	$ 4,746,512	$ 5,682,411	$ 5,510,913	$ 4,868,198
Assigned	164,853	48,256	7,179		7,680	794,488	692,230	542,883	665,977	1,263,548
Unassigned	437,668	421,139	455,845	553,070	554,442	1,036,568	1,120,827	669,738	778,472	761,763
Total General Fund	$ 2,989,749	$ 3,750,766	$ 3,242,587	$ 2,781,323	$ 3,602,269	$ 5,674,416	$ 6,559,569	$ 6,895,032	$ 6,955,362	$ 6,893,509
All Other Governmental Funds:										
Assigned, Reported in:										
Capital Projects Fund									$ 300,000	$ 300,000
Committed, Reported in:										
Capital Projects Fund										29,379
Restricted, Reported in:										
Special Revenue Fund					$ 74,984	$ 74,600	$ 75,899	$ 66,717	92,937	76,256
Capital Projects Fund							19,722,882	18,183,046	16,077,638	7,638,892
Debt Service Fund	$ 42,562						12,037	461,466	762,974	1,148,334
Total All Other Governmental Funds	$ 42,562	$ - 0 -	$ - 0 -	$ - 0 -	$ 74,984	$ 74,600	$ 19,810,818	$ 18,711,229	$ 17,233,549	$ 9,192,861
Total Governmental Funds	$ 3,032,311	$ 3,750,766	$ 3,242,587	$ 2,781,323	$ 3,677,253	$ 5,749,016	$ 26,370,387	$ 25,606,261	$ 24,188,911	$ 16,086,370

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)

	For the Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	$15,561,040	$15,548,343	$15,850,628	$15,951,402	$16,716,469	$17,578,259	$18,075,526	$18,300,663	$18,871,499	$20,105,754
Tuition Charges	63,384	45,525	48,607	78,814	434,343	360,936	512,625	641,188	564,760	692,329
Transportation Fees from other LEAs	740,743	809,489	810,909	951,006	1,196,293	1,336,001	1,668,389	2,011,938	1,717,128	1,798,542
Interest Earned on Maintenance and Capital Reserves	2,369	6,685	12,336	6,163	5,931	9,273	2,669	41,096	59,995	55,359
Miscellaneous	103,958	2,623	167	57,972	9,548	215,111	139,571	778,399	975,010	815,533
Rental Income	29,988	12,729	11,429	12,460	9,758	2,260	10,800	18,644	4,334	19,270
State Sources	2,164,558	2,297,776	2,666,120	3,042,404	3,314,649	3,966,939	4,916,386	5,214,970	6,488,859	6,646,708
Federal Sources	215,168	144,411	282,360	295,422	160,346	222,565	288,741	315,653	644,389	265,390
Total Revenue	18,881,208	18,867,581	19,682,556	20,395,643	21,847,337	23,691,344	25,614,707	27,322,551	29,325,974	30,398,885
Expenditures:										
Instruction										
Regular Instruction	4,599,211	4,726,763	4,701,133	4,759,563	4,852,934	5,200,121	5,615,702	6,356,506	6,976,569	6,888,404
Special Education Instruction	1,080,940	1,128,803	1,440,402	1,540,837	1,688,286	1,576,779	1,713,853	1,683,046	2,031,006	2,103,317
Other Special Instruction	261,906	274,200								
Other Instruction	239,089	210,501	301,073	199,409	268,784	234,767	148,058	145,576	256,938	389,086
School-Sponsored			95,963	203,760	248,689	214,180	241,469	315,137	302,095	374,135
Support Services:										
Tuition	454,162	169,918	199,346	279,052	266,576	140,074	298,248	198,433	427,220	601,324
Student and Instruction Related Services	1,406,785	1,409,638	1,543,113	1,553,536	1,461,164	1,621,146	1,829,225	2,135,592	2,428,630	2,571,331
General Administrative Services	432,695	449,973	420,729	411,570	464,477	473,653	629,342	572,759	619,796	607,214
School Administrative Services	569,254	590,978	599,137	597,939	473,320	494,479	503,595	537,783	523,905	569,199
Central Services	212,405	197,257	229,223	243,337	280,764	275,663	295,435	302,764	324,173	326,834
Plant Operations and Maintenance	1,397,712	1,465,446	1,479,374	1,450,749	1,278,079	1,239,096	1,434,063	1,745,025	1,898,884	2,053,071
Pupil Transportation	1,794,880	1,731,701	1,907,814	1,999,911	1,880,032	2,053,017	2,475,805	2,939,466	2,857,648	2,990,233
Unallocated Benefits	4,655,914	5,045,824	5,667,319	5,994,179	6,274,021	6,831,198	8,008,982	8,231,135	8,336,387	8,752,231

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

	For the Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenditures: (Cont'd)										
Capital Outlay	$ 31,194	$ 22,512	$ 589,321	$ 516,899	$ 287,578	$ 508,565	$ 689,594	$ 1,680,669	$ 2,209,805	$ 9,425,357
Charter Schools			20,954		17,930					51,653
Debt Service:										
Principal	870,000	945,000	965,000	990,000	1,060,000	1,060,000	1,045,000	720,000	1,033,000	855,000
Interest and Other Charges	308,925	278,100	240,525	199,038	156,925	111,175	65,800	469,930	517,268	498,388
Total Expenditures	18,315,072	18,646,614	20,400,426	20,939,779	20,959,559	22,033,913	24,994,171	28,033,821	30,743,324	39,056,777
Excess (Deficiency) of Revenues Over (Under) Expenditures	566,136	220,967	(717,870)	(544,136)	887,778	1,657,431	620,536	(711,270)	(1,417,350)	(8,657,892)
Other Financing Sources (Uses)										
Serial Bond Proceeds							19,903,000			
Transfers In	274,723	581,181		153	4,647		12,037	549,429	301,508	666,360
Transfers Out		(35,663)			(4,780)		(12,037)	(602,285)	(301,508)	(666,360)
Financed Purchases (Non-Budgeted)	199,110	232,745	209,691	82,719	188,500	414,332	97,835			555,351
Due to State for Prior Year's Grant Funds					(236,569)					
Cancellation of Prior Year Receivable					(103,069)					
Total Other Financing Sources (Uses)	473,833	778,263	209,691	82,872	(151,271)	414,332	20,000,835	(52,856)		555,351
Net Change in Fund Balances	$ 1,039,969	$ 999,230	$ (508,179)	$ (461,264)	$ 736,507	$ 2,071,763	$ 20,621,371	$ (764,126)	$ (1,417,350)	$ (8,102,541)
Debt Service as a Percentage of Noncapital Expenditures	6.45 %	6.57 %	6.09 %	5.82 %	5.89 %	5.44 %	4.57 %	4.52 %	5.43 %	4.57 %

Source: Mendham Township School District Financial records.

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Capital & Maintenance Reserves	Tuition	Transportation Fees	Other	Total
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
2024	59,995	564,760	1,717,128	202,564	2,544,447
2025	55,359	692,329	1,798,542	230,552	2,776,782

Source: Mendham Township School District records.

Exhibit J-6

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
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	$ 0.82	$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	0.83	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	0.83	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	0.84	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	0.85	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	0.88	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	0.95	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	0.92	1,904,237,283
2023	19,894,200	1,834,705,000	149,339,600	541,700	11,557,500	2,700	10,718,500	2,026,759,200	1,485,637	2,028,244,837	195,188,200	0.93	2,091,377,370
2024	* 27,966,500	2,034,897,300	166,577,100	605,700	13,154,600	2,900	11,411,400	2,254,615,500	1,530,199	2,256,145,699	197,886,300	0.89	2,244,749,115

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.

* Reassessment of Real Property was effective in this year.

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

[b] Tax Rates are per $100 of Assessed Value.

Source: Municipal Tax Assessor

Exhibit J-7

MENDHAM TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED

(Rate per $100 of Assessed Value)

	Mendham Township School District Direct Rate			Overlapping Rates			
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Regional High School	Township of Mendham	Morris County	Total Direct and Overlapping Tax Rate
2015	$ 0.75	$ 0.06	$ 0.82	$ 0.56	$ 0.39	$ 0.26	$ 2.03
2016	0.77	0.06	0.83	0.55	0.42	0.27	2.07
2017	0.77	0.06	0.83	0.53	0.44	0.27	2.07
2018	0.78	0.06	0.84	0.56	0.44	0.27	2.12
2019	0.79	0.06	0.85	0.57	0.45	0.27	2.13
2020	0.82	0.07	0.88	0.57	0.45	0.27	2.17
2021	0.89	0.05	0.95	0.55	0.45	0.25	2.20
2022	0.87	0.06	0.92	0.51	0.43	0.25	2.11
2023	0.88	0.05	0.93	0.51	0.41	0.26	2.12
2024 *	0.85	0.04	0.89	0.43	0.37	0.25	1.94

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 exeed the prebudget year net budget by more than the spending growth limitation calculation.

* Reassessment of Real Property was effective in this year.

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

[b] Rates for Debt Service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

Exhibit J-8

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

2024			2015		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Shemy, LLC	$ 8,445,900	0.45%	Shemy, LLC	$ 8,454,200	0.45%
Woodland Lakes, Inc.	8,148,000	0.43%	Woodland Lakes Inc.	7,795,500	0.41%
Mendham Golf & Tennis Club	6,700,300	0.36%	Mendham Golf & Tennis Club	6,199,400	0.33%
Southeast Morris County MUA	4,870,100	0.26%	Southeast Morris County MUA	4,870,100	0.26%
Individual Taxpayer #1	4,099,600	0.22%	Individual Taxpayer #1	4,097,300	0.22%
Individual Taxpayer #2	3,985,300	0.21%	Individual Taxpayer #2	3,985,600	0.21%
Hospitality Resources-Hillandale, LLC	3,950,000	0.21%	Desiree Farm, LLC	3,850,000	0.20%
Desiree Farm, LLC	3,850,000	0.21%	Individual Taxpayer #3	3,800,000	0.20%
Individual Taxpayer #3	3,800,000	0.20%	Individual Taxpayer #4	3,603,300	0.19%
Individual Taxpayer #5	3,704,000	0.20%	Individual Taxpayer #5	3,560,600	0.19%
Total	$ 51,553,200	2.75%	Total	$ 50,216,000	2.66%

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

Exhibit J-9

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 Tax Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Tax Levy	
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	16,516,469	16,516,469	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 -
2024	18,871,499	18,871,499	100.00 %	- 0 -
2025	20,105,754	20,105,754	100.00 %	- 0 -

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

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

Exhibit J-10

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 [a]	Per Capita [a]
	General Obligation Bonds	Financed Purchases			
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	3.13 %	3,490
2023	19,903,000	206,354	20,109,354	2.90 %	3,358
2024	18,870,000	84,855	18,954,855	2.70 %	3,129
2025	18,015,000	374,671	18,389,671	2.62 %	3,036

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

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

Source: Mendham Township School District Financial records.

Exhibit J-11

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: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
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 %	3,323
2024	18,870,000	- 0 -	18,870,000	9.67 %	3,115
2025	18,015,000	- 0 -	18,015,000	9.10 %	2,974

[a] See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

[b] See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: Mendham Township School District Financial records.

Exhibit J-12

MENDHAM TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Mendham Township	$ 19,225,976	100.00 %	$ 19,225,976
Morris County General Obligation Debt	324,225,727	1.92 %	6,217,952
Subtotal, Overlapping Debt			25,443,928
Mendham Township School District Direct Debt			18,015,000
Total Direct and Overlapping Debt			$ 43,458,928

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

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

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

Exhibit J-13

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	$ 54,994,000	$ 55,780,057	$ 58,352,525	$ 58,352,525	$ 57,446,330
Total Net Debt Applicable to Limit	6,785,000	5,840,000	4,875,000	3,885,000	2,825,000
Legal Debt Margin	$ 48,209,000	$ 49,940,057	$ 53,477,525	$ 54,467,525	$ 54,621,330
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.34 %	10.47 %	8.35 %	6.66 %	4.92 %

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt Limit	$ 56,366,487	$ 56,165,664	$ 58,105,628	$ 60,533,622	$ 66,671,648
Total Net Debt Applicable to Limit	1,765,000	20,623,000	19,903,000	18,870,000	18,015,000
Legal Debt Margin	$ 54,601,487	$ 35,542,664	$ 38,202,628	$ 41,663,622	$ 48,656,648
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.13 %	36.72 %	34.25 %	31.17 %	27.02 %

Legal Debt Margin Calculation for Fiscal Year 2025

Equalized Valuation Basis	
2024	$ 2,510,282,285
2023	2,072,292,341
2022	2,084,590,216
	$ 6,667,164,842
Average Equalized Valuation of Taxable Property	$ 2,222,388,281
Debt Limit [a] (3% of Average Equalization Value)	$ 66,671,648
Net Bonded School Debt as of June 30, 2025	18,015,000
Legal Debt Margin	$ 48,656,648

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

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

Exhibit J-14

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

Year	Population [a]	Morris County Per Capita Personal Income [c]	Personal Income[b]	Unemployment Rate [d]
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	111,597	671,144,358	2.70%
2023	5,989	115,850	693,825,650	3.20%
2024	6,057	115,850 **	701,703,450 **	3.00%
2025	6,057 *	115,850 **	701,703,450 ***	N/A

* - Latest population data available (2024) was used for calculation purposes.
** - Latest Morris County per capita personal income available (2023) was used for calculation purposes.
*** - Latest available population data (2024) and latest available Morris County per capita personal income (2023) was used for calculation purposes.
N/A - Information is not available.

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

Exhibit J-15

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

2024			2015		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,581	3.79%	U.S. Army Armament R&D (Picatinny)	5,841	2.33%
Picatinny Arsensal	6,200	2.22%	Novartis	5,035	2.01%
Novartis	6,178	2.21%	Atlantic Heatlh system	4,463	1.78%
Barclays	4,320	1.55%	ADP	2,060	0.82%
Automatic Data Processing, Inc.	2,600	0.93%	Bayer Healthcare, LLC	1,900	0.76%
Accenture	2,134	0.76%	County of Morris	1,674	0.67%
PriceWaterhouse Coopers	1,911	0.68%	Wyndham Worldwide Corporation	1,653	0.66%
Bayer	1,730	0.62%	Saint Clare's Hospital	1,642	0.65%
CIGNA Healhcare	1,629	0.58%	BASF Corporation	1,500	0.60%
Deloitte & Touche	1,627	0.58%	Accenture	1,480	0.59%
Total	38,910	13.93%		27,248	10.86%
Total County Labor Force	279,349			250,919	

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

Source: Morris County Treasurer's Office.

Exhibit J-16

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction:										
Regular	58.00	58.00	58.00	58.00	58.00	58.00	59.00	59.00	59.00	59.00
Special education	28.00	30.00	30.00	30.00	30.00	30.00	31.00	31.00	31.00	33.00
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	14.50	14.50	12.00	12.00	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										
Central Services	11.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Plant Operations and Maintenance	9.00	9.00	10.00	10.00	10.00	10.60	10.60	12.00	12.00	14.00
Pupil Transportation	28.50	28.50	27.00	27.00	27.00	27.00	27.00	27.00	27.00	32.00
Total	161.00	163.00	160.00	159.00	159.00	159.60	161.60	163.00	163.00	172.00

Source: Mendham Township School District records.

Exhibit J-17

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

Fiscal Year	Enrollment[a]	Operating Expenditures[b]	Cost Per Pupil[c]	Percentage Change	Teaching Staff[d]	Pupil/Teacher Ratio Elementary School	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (ADE)[e]	Average Daily Attendance (ADA)[e]	% Change Average Daily Enrollment	Student Attendance Percentage
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 %
2024	796	26,983,251	33,899	6.69 %	95	1:8.8	1:7.3	786	773	0.51 %	98.35 %
2025	808	28,278,032	34,998	3.24 %	99	1:8.8	1:7.3	815	805	3.69 %	98.77 %

[a] Enrollment includes out of District special education placements.
[b] Operating expenditures equal total expenditures less Debt Service and Capital Outlay.
[c] Cost per pupil is the sum as operating expendtures divided by enrollment. This cost per pupil may be different from the State's per pupil calculations.
[d] Teaching staff includes only full-time equivalents of certificated staff.
[e] Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Mendham Township School District records.

Exhibit J-18

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary										
Square Feet	93,300	93,300	93,300	93,300	93,300	93,300	93,300	93,000	93,000	93,000
Capacity (Students)	695	695	695	695	695	695	695	695	695	695
Enrollment	362	348	363	382	409	429	431	469	470	474
Middle School										
Square Feet	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	68,735	63,735
Capacity (Students)	548	548	548	548	548	548	548	548	548	548
Enrollment	346	350	334	315	315	313	353	323	326	334

Number of Schools at June 30, 2025
Elementary = 1
Middle School = 1

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

Source: Mendham Township School District Business Office.

Exhibit J-19

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary School	$ 123,661	$ 164,687	$ 193,359	$ 198,108	$ 137,055	$ 114,345	$ 177,148	$ 288,324	$ 203,895	$ 302,283
Middle School	200,897	178,107	245,847	237,980	137,070	114,357	184,379	300,093	203,918	302,316
	$ 324,558	$ 342,794	$ 439,206	$ 436,088	$ 274,125	$ 228,702	$ 361,527	$ 588,417	$ 407,813	$ 604,599

* 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.

Exhibit J-20

MENDHAM TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
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

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Independent Member
BKR International

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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Mendham 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2025.

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.

Nisivoccia, LLP
NISIVOCCIA LLP

October 17, 2025
Mount Arlington, New Jersey

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

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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, 2025. 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, 2025.

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.

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.

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.

Nisivoccia, LLP
NISIVOCCIA LLP

October 17, 2025
Mount Arlington, New Jersey

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, 2025

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023 Budgetary Accounts Receivable	Balance June 30, 2023 Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Balance June 30, 2025 Budgetary Accounts Receivable	Balance June 30, 2025 Budgetary Unearned Revenue	Amounts Provided to Sub-recipients
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
Title II - Part A	84.367A	ESEA-3100-25	07/01/24-09/30/25	$ 7,471				$ (7,471)	$ (7,471)		
Total Title II								(7,471)	(7,471)		
Title IV	84.424	ESEA-3100-25	07/01/24-09/30/25	10,000				(10,000)	(10,000)		
Total Title IV								(10,000)	(10,000)		
Total ESEA Consolidated								(17,471)	(17,471)		
Special Education Cluster (IDEA):											
IDEA Part B, Basic	84.027	IDEA-3100-25	07/01/24-09/30/25	181,698				(181,698)	(181,698)		
IDEA Part B, Preschool	84.173	IDEA-3100-25	07/01/24-09/30/25	9,678				(9,678)	(9,678)		
Total Special Education Cluster (IDEA)								(191,376)	(191,376)		
Education Stabilization Fund:											
COVID 19 - ARP - Summer Learning and Enrichment	84.425U	S425U210027	03/13/20-09/30/24	40,000	$ (23,071)		$ 40,000	(16,929)			
COVID 19 - ARP -Comprehensive Beyond the School Day	84.425U	S425U210027	03/13/20-09/30/24	40,000	(40,000)		40,000				
COVID 19 - ARP - Mental Health	84.425U	S425U210027	03/13/20-09/30/24	45,000	(8,427)		45,000	(36,573)			
COVID 19 - ARP - Non-Title I	84.425U	S425U210027	03/13/20-09/30/24	194,525	(194,525)		194,525				
COVID 19 - ARP GEER - NJ High Impact Tutoring	84.425C	N/A	10/11/23-08/31/24	38,000	(38,000)			(3,041)	(41,041)		
Total Educational Stabilization Fund					(304,023)		319,525	(56,543)	(41,041)		
Total Special Revenue Fund								(265,390)	(208,847)		
Total U.S. Department of Education					(304,023)		319,525	(265,390)	(249,888)		
Total Federal Financial Awards					$ (304,023)	$ - 0 -	$ 319,525	$ (265,390)	$ (249,888)	$ - 0 -	$ - 0 -

N/A - Infromation is not available.

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

Schedule A
Exhibit K-3

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

				Balance June 30, 2024				Balance June 30, 2025		Memo	
State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	$ 69,984	$ (6,597)		$ 6,597					$ 69,984
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	357,352	(33,687)		33,687					357,352
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	841,518	(79,329)		79,329					841,518
Extraordinary Special Education Aid	24-495-034-5120-044	7/1/23-6/30/24	413,471	(413,471)		413,471					413,471
Nonpublic Transportation	24-495-034-5120-014	7/1/23-6/30/24	41,860	(41,860)		41,860					41,860
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	601,837	(30,509)		30,509					601,837
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	75,569			68,453	$ (75,569)			$ (7,116)	75,569
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	483,349			437,836	(483,349)			(45,513)	483,349
Special Education Categorical Aid	25-495-034-5120-089	7/1/24-6/30/25	912,637			826,702	(912,637)			(85,935)	912,637
Extraordinary Special Education Aid	25-495-034-5120-044	7/1/24-6/30/25	382,779				(382,779)	$ (382,779)		(382,779)	382,779
Nonpublic Transportation	25-495-034-5120-014	7/1/24-6/30/25	39,684				(39,684)	(39,684)		(39,684)	39,684
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	636,508			573,272	(636,508)	(63,236)		(63,236)	636,508
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	838,191			838,191	(838,191)				838,191
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	2,833,446			2,833,446	(2,833,446)				2,833,446
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	35,099			35,099	(35,099)				35,099
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	1,241			1,241	(1,241)				1,241
Total General Fund State Aid				(605,453)		6,219,693	(6,238,503)	(485,699)		(624,263)	8,564,525
Debt Service Fund:											
Debt Service Aid Type II	25-495-034-5120-017	7/1/24-6/30/25	427,156			427,156	(427,156)				427,156
Total Debt Service Fund						427,156	(427,156)				427,156
Total State Awards Subject to Single Audit Determination				$ (605,453)	$ - 0 -	$ 6,646,849	$ (6,665,659)	$ (485,699)	$ - 0 -	$ (624,263)	$ 8,996,962
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	(838,191)				$ 838,191				
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	(2,833,446)				2,833,446				
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	(35,099)				35,099				
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	(1,241)				1,241				
Subtotal - On-Behalf TPAF Pension System Contributions							3,707,977				
Total State Awards Subject to Single Audit Major Program Determination							$ (2,957,682)				

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

Schedule B
Exhibit K-4

MENDHAM TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($18,951) for the General Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis for the General, Special Revenue and Capital Projects Funds, respectively. The adjustments of ($3,705) for the Special Revenue Fund were attributed to local grants and ($791,783) for the Capital Projects Fund for SDA grants which have not been drawn down or expended in the current fiscal year and are not part of the reconciliation to the 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, 2025
(Continued)

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

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

	Federal	State	Total
General Fund		$ 6,219,552	$ 6,219,552
Special Revenue Fund	$ 265,390		265,390
Debt Service Fund		427,156	427,156
Total Financial Awards	$ 265,390	$ 6,646,708	$ 6,912,098

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, 2025.

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, 2025.

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has two active grants awarded in the amount of $791,783 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2025, the grant funds have not been expended or drawn down or received. The District realizes grant revenues in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP. Unmodified

Internal control over financial reporting:

1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of $750,000 identified in the Uniform Guidance.

State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

	Yes	X	No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period Start	Grant Period End	Award Amount	Budgetary Expenditures
State Aid Public:					
Special Education Categorical Aid	25-495-034-5120-089	7/1/24	6/30/25	$ 912,637	$ 912,637
Security Aid	25-495-034-5120-084	7/1/24	6/30/25	75,569	75,569

Dollar threshold used to distinguish between Type A and B programs $ 750,000

Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Finanical Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

MENDHAM TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no prior year findings.