

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF MENDHAM**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024**

# **Annual Comprehensive Financial Report**

**of the**

**Mendham Borough School District**

**Mendham, New Jersey**

**For the Fiscal Year Ended June 30, 2024**

**Prepared by**

**Mendham Borough School District  
Board of Education**

MENDHAM BOROUGH SCHOOL DISTRICT  
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INTRODUCTORY SECTION  
(UNAUDITED)

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

September 17, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Mendham Borough School District (the "District") for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

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

The major budget goal for the 2023-2024 school year was to provide the best possible educational programs for the children of the Mendham Borough School District while exercising the utmost diligence in the expenditure of public funds. Initiatives included the following:

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

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

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

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

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



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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2024.

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

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

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

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

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

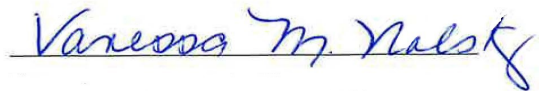
The Honorable President and Members  
of the Board of Education  
Mendham Borough School District  
Page 4  
September 17, 2024

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

Respectfully submitted,

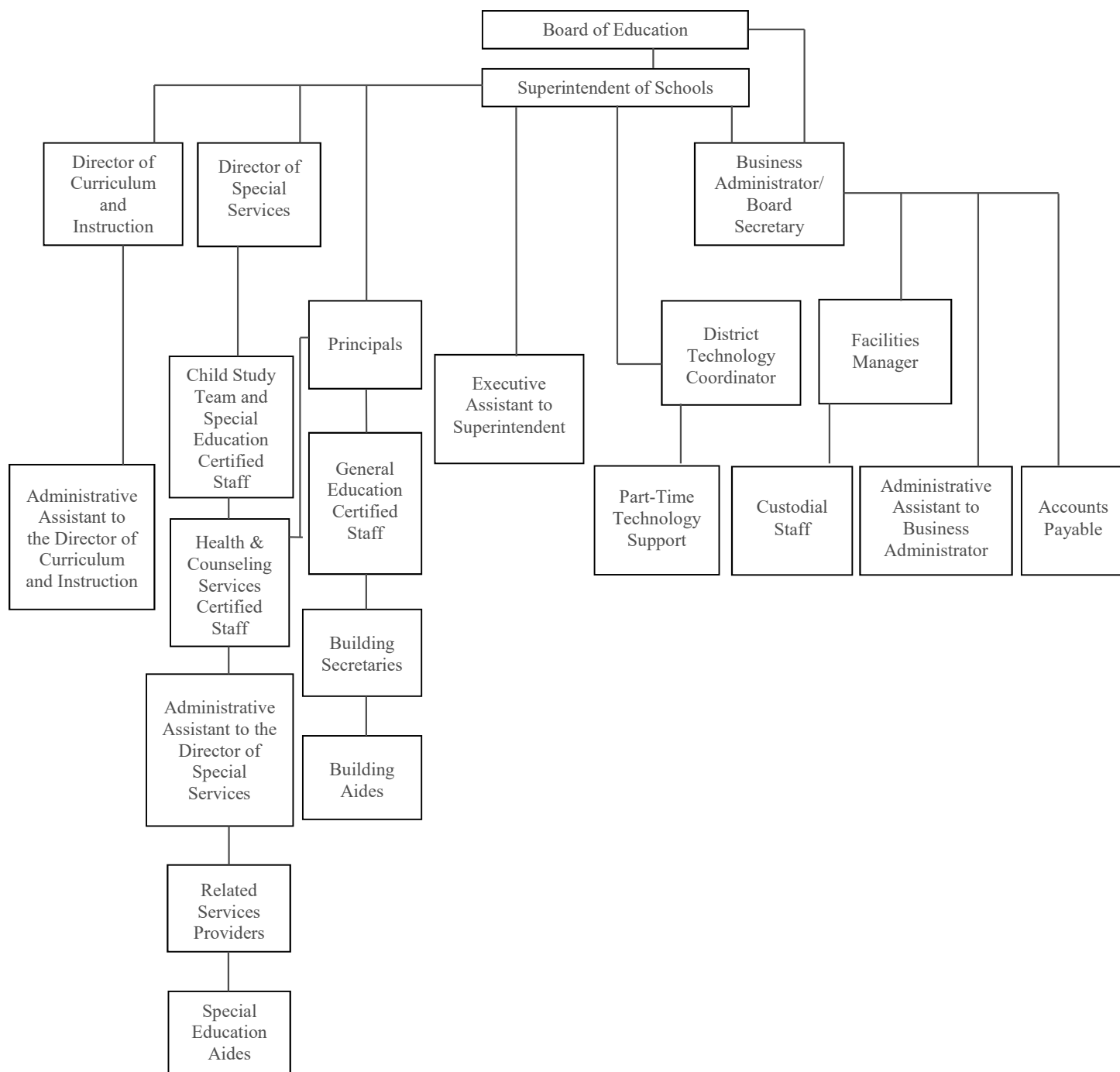
A handwritten signature in black ink, reading "Matthew A. Flaud S.D.", written over a horizontal line.

Title: Superintendent

A handwritten signature in blue ink, reading "Vanessa M. Nalsty", written over a horizontal line.

Title: Business Administrator

### 1110 ORGANIZATIONAL CHART



MENDHAM BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2024

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Catalina Wolfmeyer, President		2026
John Vitale, Vice President		2025
Dr. Barry Haines		2025
James Gillespie		2025
Stephen McLaud		2026
Michael Nichol		2026
Deborah D’Urso		2024
Cristin Adinolfi		2024
AnnMarie Hornyak		2024
<u>Other Officials</u>	<u>Title</u>	
Mitzi Morillo	Superintendent	
Elizabeth Moreland	Business Administrator/Board Secretary (to 8/31/23)	
Tina Trueba	Business Administrator/Board Secretary (9/1/23-12/1/23)	
Rene Rovtar	Interim Business Administrator/Board Secretary (12/1/23-6/30/24)	
Vanessa Wolsky	Business Administrator/Board Secretary (from 7/1/24)	

MENDHAM BOROUGH SCHOOL DISTRICT  
Consultants and Advisors

**Audit Firm**

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

**Attorneys**

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

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

**Official Depository**

Lakeland Bank  
(Provident Bank as of 9/3/2024)  
106 East Main Street  
Mendham, NJ 07945

FINANCIAL SECTION

## Independent Auditors' Report

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mendham Borough School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2024, 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, 2024, 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.

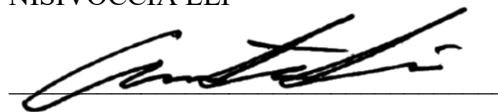
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 September 17, 2024 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.

September 17, 2024  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This section of Mendham Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Overview of the Financial Statements

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

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

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

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

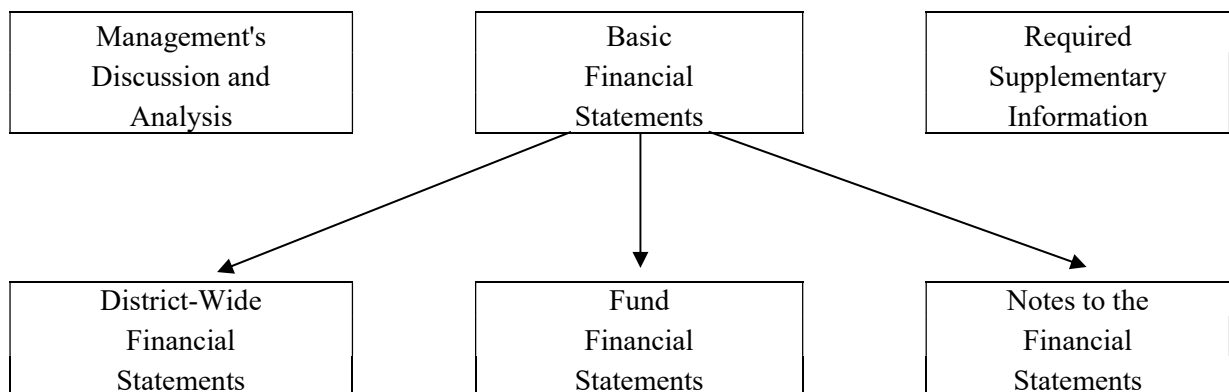


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

**Figure A-2**

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

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

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

### ***District-wide Statements***

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

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

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

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

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

### ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

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

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

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

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Current and							
Other Assets	\$ 9,352,483	\$ 8,321,463	\$ 10,281	\$ 30,521	\$ 9,362,764	\$ 8,351,984	
Capital Assets, Net	8,294,850	8,041,970	49,272	58,178	8,344,122	8,100,148	
Total Assets	<u>17,647,333</u>	<u>16,363,433</u>	<u>59,553</u>	<u>88,699</u>	<u>17,706,886</u>	<u>16,452,132</u>	7.63%
Deferred Outflows of Resources	<u>598,960</u>	<u>498,108</u>			<u>598,960</u>	<u>498,108</u>	20.25%
Other Liabilities	345,429	351,745	6,598	28,388	352,027	380,133	
Long-Term Liabilities	<u>3,342,093</u>	<u>3,658,442</u>			<u>3,342,093</u>	<u>3,658,442</u>	
Total Liabilities	<u>3,687,522</u>	<u>4,010,187</u>	<u>6,598</u>	<u>28,388</u>	<u>3,694,120</u>	<u>4,038,575</u>	-8.53%
Deferred Inflows of Resources	<u>281,366</u>	<u>529,816</u>			<u>281,366</u>	<u>529,816</u>	-46.89%
Net Position:							
Net Investment in							
Capital Assets	7,407,348	6,610,716	49,272	58,178	7,456,620	6,668,894	
Restricted	8,756,823	7,735,650			8,756,823	7,735,650	
Unrestricted/(Deficit)	<u>(1,886,766)</u>	<u>(2,024,828)</u>	<u>3,683</u>	<u>2,133</u>	<u>(1,883,083)</u>	<u>(2,022,695)</u>	
Total Net Position	<u>\$ 14,277,405</u>	<u>\$ 12,321,538</u>	<u>\$ 52,955</u>	<u>\$ 60,311</u>	<u>\$ 14,330,360</u>	<u>\$ 12,381,849</u>	15.74%

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

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

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

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

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Total Percentage Change
	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2023/24
Revenue:							
Program Revenue:							
Charges for Services	\$ 194,051	\$ 221,320	\$ 415,371	\$ 395,463	\$ 203,661	\$ 599,124	
Operating Grants and Contributions	2,406,062		2,406,062	2,453,889		2,453,889	
General Revenue:							
Property Taxes	12,346,509		12,346,509	12,143,545		12,143,545	
Other	342,186	766	342,952	312,262	684	312,946	
Total Revenue	15,288,808	222,086	15,510,894	15,305,159	204,345	15,509,504	0.01%
Expenses:							
Instruction	7,392,731		7,392,731	7,433,169		7,433,169	
Pupil and Instruction Services	2,974,797		2,974,797	2,883,583		2,883,583	
Administrative and Business	1,250,006		1,250,006	1,337,005		1,337,005	
Maintenance and Operations	1,464,355		1,464,355	1,353,164		1,353,164	
Pupil Transportation	211,971		211,971	214,522		214,522	
Other	28,388	240,135	268,523	77,276	246,165	323,441	
Total Expenses	13,322,248	240,135	13,562,383	13,298,719	246,165	13,544,884	0.13%
Other Items:							
Capital Asset Contribution					38,400	38,400	-100.00%
Transfers	(10,693)	10,693		(23,824)	23,824		
Increase/(Decrease) in Net Position	\$ 1,955,867	\$ (7,356)	\$ 1,948,511	\$ 1,982,616	\$ 20,404	\$ 2,003,020	-2.72%

**Governmental Activities**

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

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

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

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

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

**Figure A-5**

	<b>Net Cost of Governmental Activities</b>			
	<b>Total Cost of</b>	<b>Net Cost of</b>	<b>Total Cost of</b>	<b>Net Cost of</b>
	<b>Services</b>	<b>Services</b>	<b>Services</b>	<b>Services</b>
	<u>2023/24</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2022/23</u>
Instruction	\$ 7,392,731	\$ 5,304,070	\$ 7,433,169	\$ 5,122,793
Pupil and Instruction Services	2,974,797	2,521,524	2,883,583	2,403,098
Administrative and Business	1,250,006	1,250,006	1,337,005	1,337,005
Maintenance and Operations	1,464,355	1,464,355	1,353,164	1,353,164
Transportation	211,971	153,792	214,522	156,031
Other	28,388	28,388	77,276	77,276
	<u>\$ 13,322,248</u>	<u>\$ 10,722,135</u>	<u>\$ 13,298,719</u>	<u>\$ 10,449,367</u>

**Business-Type Activities**

Net position from the District's business-type activity decreased \$7,356 (Refer to Figure A-4). The primary factor contributing to these results was a decrease in the Board Contribution.

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

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

**General Fund Budgetary Highlights**

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



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

**Capital Assets**

**Figure A-6**

	Capital Assets (Net of Depreciation)						Percentage Change 2023/24
	Government Activities		Business-Type Activities		Total School District		
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Land	\$ 251	\$ 251			\$ 251	\$ 251	
Site Improvements	579,030	627,410			579,030	627,410	
Buildings and Building Improvements	7,360,273	7,022,099			7,360,273	7,022,099	
Furniture, Machinery and Equipment	355,296	392,210	\$ 49,272	\$ 58,178	404,568	450,388	
Total Capital Assets (Net of Depreciation)	\$ 8,294,850	\$ 8,041,970	\$ 49,272	\$ 58,178	\$ 8,344,122	\$ 8,100,148	3.01%

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

**Figure A-7**

	<b>Outstanding Long-Term Liabilities</b>		<b>Percentage Change 2023/24</b>
	<u>2023/24</u>	<u>2022/23</u>	
Bonds Payable	\$ 910,000	\$ 1,465,000	
Unamortized Bond Premium	109,448	164,171	
Net Pension Liability	2,104,217	1,939,521	
Compensated Absences Payable	<u>218,428</u>	<u>89,750</u>	
	<u><u>\$ 3,342,093</u></u>	<u><u>\$ 3,658,442</u></u>	-8.65%

The District's long-term liabilities decreased \$316,349, or 8.65%, as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

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

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

Two of the greatest factors that bear on the district's financials are the rising costs of employee health benefits and the rising costs of out of district special education placements. The district continues to seek new opportunities for efficiencies and expense reduction in this area. Additionally, proposed housing development in the Borough may potentially impact student enrollment in the future. The district continues to monitor proposed development as well as anticipated preschool expansion and the potential impact of these changes.

The District must allocate funds for "fixed" obligations, which increase from year to year. The District participates in cooperative purchasing to help control costs and is a member of the Alliance for Competitive Energy Services which periodically bids electricity and gas. The State mandates that two-tenths of one percent of the buildings' value be set aside in the annual budget for "required" building maintenance. A maintenance reserve account was established a few years ago to provide for unexpected building repairs. In addition, the budget includes funds for repair and maintenance of the District's equipment. Special education programs and related services, including out of district placements and transportation, cannot be predicted with certainty; however, the District maintains its commitment to meet student needs. A large cost savings is continued to be recognized from the District's integrated preschool program which provides services in district rather than paying the higher cost of out-of-district tuition.

### **Contacting the District's Financial Management**

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

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,767,858	\$ 1,173	\$ 1,769,031
Receivables from Other Governments:			
Federal	5,551		5,551
State	75,326		75,326
Local	21,975		21,975
Other Accounts Receivable	6,094		6,094
Inventory		9,108	9,108
Restricted Cash and Cash Equivalents	7,475,679		7,475,679
Capital Assets, Net			
Sites (Land)	251		251
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	8,294,599	49,272	8,343,871
Total Assets	<u>17,647,333</u>	<u>59,553</u>	<u>17,706,886</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	22,498		22,498
Deferred Outflows Related to Pensions	576,462		576,462
Total Deferred Outflow of Resources	<u>598,960</u>		<u>598,960</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	9,100		9,100
Accounts Payable	287,213		287,213
Unearned Revenue	49,116	6,598	55,714
Noncurrent Liabilities:			
Due Within One Year	603,822		603,822
Due Beyond One Year	2,738,271		2,738,271
Total Liabilities	<u>3,687,522</u>	<u>6,598</u>	<u>3,694,120</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	281,366		281,366
Total Deferred Inflow of Resources	<u>281,366</u>		<u>281,366</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,407,348	49,272	7,456,620
Restricted for:			
Capital Projects	6,079,764		6,079,764
Excess Surplus	1,300,000		1,300,000
Unemployment Compensation	69,767		69,767
Student Activities	30,536		30,536
Maintenance	1,275,510		1,275,510
Debt Service	1,246		1,246
Unrestricted/(Deficit)	(1,886,766)	3,683	(1,883,083)
Total Net Position	<u>\$ 14,277,405</u>	<u>\$ 52,955</u>	<u>\$ 14,330,360</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,951,950	\$ 91,100	\$ 1,216,770	\$ (4,644,080)	\$	\$ (4,644,080)
Special Education	1,324,472		780,791	(543,681)		(543,681)
Other Instruction	116,309			(116,309)		(116,309)
Support Services:						
Tuition	348,315			(348,315)		(348,315)
Student & Instruction Related Services	2,626,482	102,951	350,322	(2,173,209)		(2,173,209)
General Administrative Services	366,355			(366,355)		(366,355)
School Administrative Services	444,577			(444,577)		(444,577)
Central Services	436,304			(436,304)		(436,304)
Administrative Information Technology	2,770			(2,770)		(2,770)
Plant Operations and Maintenance	1,464,355			(1,464,355)		(1,464,355)
Pupil Transportation	211,971		58,179	(153,792)		(153,792)
Capital Outlay	28,388			(28,388)		(28,388)
Total Governmental Activities	<u>13,322,248</u>	<u>194,051</u>	<u>2,406,062</u>	<u>(10,722,135)</u>		<u>(10,722,135)</u>
Business-Type Activities:						
Food Service	240,135	221,320			\$ (18,815)	(18,815)
Total Business-Type Activities	<u>240,135</u>	<u>221,320</u>			<u>(18,815)</u>	<u>(18,815)</u>
Total Primary Government	<u>\$ 13,562,383</u>	<u>\$ 415,371</u>	<u>\$ 2,406,062</u>	<u>\$ (10,722,135)</u>	<u>(18,815)</u>	<u>(10,740,950)</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue and Transfers:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 11,747,722		\$ 11,747,722
Taxes Levied for Debt Service	598,787		598,787
Investment Earnings	98,158	\$ 766	98,924
Miscellaneous Income	244,028		244,028
Transfers	(10,693)	10,693	
Total General Revenues and Transfers	12,678,002	11,459	12,689,461
Change in Net Position	1,955,867	(7,356)	1,948,511
Net Position - Beginning	12,321,538	60,311	12,381,849
Net Position - Ending	\$ 14,277,405	\$ 52,955	\$ 14,330,360

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

FUND FINANCIAL STATEMENTS



MENDHAM BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,745,550	\$ 21,062	\$ 1,246	\$ 1,767,858
Receivables From Other Governments:				
Federal		5,551		5,551
State	75,326			75,326
Local	21,975			21,975
Other Accounts Receivable	163	5,931		6,094
Restricted Assets - Cash and Cash Equivalents	7,425,041	50,638		7,475,679
Total Assets	<u>\$ 9,268,055</u>	<u>\$ 83,182</u>	<u>\$ 1,246</u>	<u>\$ 9,352,483</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 63,683	\$ 3,530		\$ 67,213
Unearned Revenue		49,116		49,116
Total Liabilities	<u>63,683</u>	<u>52,646</u>		<u>116,329</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	6,079,764			6,079,764
Maintenance Reserve Account	1,275,510			1,275,510
Excess Surplus - 2025-2026	650,000			650,000
Excess Surplus - 2024-2025	650,000			650,000
Unemployment Compensation	69,767			69,767
Student Activities		30,536		30,536
Debt Service			\$ 1,246	1,246
Assigned to:				
Encumbrances	122,455			122,455
Designated for Subsequent Year's Expenditures	95,806			95,806
Unassigned	261,070			261,070
Total Fund Balances	<u>9,204,372</u>	<u>30,536</u>	<u>1,246</u>	<u>9,236,154</u>
Total Liabilities and Fund Balances	<u>\$ 9,268,055</u>	<u>\$ 83,182</u>	<u>\$ 1,246</u>	<u>\$ 9,352,483</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024  
(Continued)

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

Total Fund Balances - Governmental Funds (Above)	\$ 9,236,154
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	8,294,850
Bond issuance premium is reported as revenue in the governmental funds in the year of the related expenditure.	(109,448)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(1,128,428)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(9,100)
Deferred amount on refunding is not reported as an expenditure in governmental funds in the year of the expenditure.	22,498
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,104,217)
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	356,462
Deferred Inflows	<u>(281,366)</u>
Net Position of Governmental Activities	<u><u>\$ 14,277,405</u></u>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 11,747,722		\$ 598,787	\$ 12,346,509
Tuition Charges	91,100			91,100
Transportation Fees From Individuals	2,208			2,208
Rents and Royalties	10,513			10,513
Interest Earned on Capital Reserve Funds	96,300			96,300
Restricted Miscellaneous Revenue	1,858	\$ 102,951		104,809
Unrestricted Miscellaneous Revenue	222,066	9,241		231,307
Total - Local Sources	12,171,767	112,192	598,787	12,882,746
State Sources	3,325,477	94,729		3,420,206
Federal Sources		289,370		289,370
Total Revenue	15,497,244	496,291	598,787	16,592,322
EXPENDITURES				
Current:				
Regular Instruction	3,710,800	113,637		3,824,437
Special Education Instruction	758,119	105,237		863,356
Other Instruction	90,110			90,110
Support Services and Undistributed Costs:				
Tuition	348,315			348,315
Student & Instruction Related Services	1,653,447	114,822		1,768,269
General Administrative Services	310,617			310,617
School Administrative Services	375,316			375,316
Central Services	320,552			320,552
Administrative Information Technology	1,999			1,999
Pupil Transportation	196,842			196,842
Plant Operations and Maintenance	1,111,113			1,111,113
Benefits - Allocated and Unallocated	4,719,770			4,719,770
Debt Service:				
Principal			555,000	555,000
Interest and Other Charges			43,950	43,950
Capital Outlay	795,731	174,466		970,197
Total Expenditures	14,392,731	508,162	598,950	15,499,843
Excess/(Deficiency) of Revenue over/ (under) Expenditures	1,104,513	(11,871)	(163)	1,092,479
OTHER FINANCING SOURCES/(USES)				
Transfers Out	(10,693)			(10,693)
Total Other Financing Sources/(Uses)	(10,693)			(10,693)
Net Change in Fund Balances	1,093,820	(11,871)	(163)	1,081,786
Fund Balance—July 1	8,110,552	42,407	1,409	8,154,368
Fund Balance—June 30	\$ 9,204,372	\$ 30,536	\$ 1,246	\$ 9,236,154

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

MENDHAM BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 1,081,786
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.	
Depreciation expense	\$ (504,344)
Capital outlays	<u>757,224</u>
	252,880
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	(128,678)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)	555,000
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	5,550
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)	54,723
The governmental funds report the effect of the deferred amount of refunding relative to an advance refunding when debt is first issued whereas this amount is deferred and amortized in the statement of activities.	(11,248)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(164,696)
Changes in Deferred Outflows and Inflows Related to Pensions	<u>310,550</u>
Change in Net Position - Governmental Funds (Exhibit A-2)	<u>\$ 1,955,867</u>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

	<u>Business-Type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,173
Inventories	9,108
	<hr/>
Total Current Assets	10,281
	<hr/>
Capital Assets:	
Furniture and Equipment	219,131
Less: Accumulated Depreciation	(169,859)
	<hr/>
Total Capital Assets	49,272
	<hr/>
Total Assets	59,553
	<hr/>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	6,598
	<hr/>
Total Liabilities	6,598
	<hr/>
NET POSITION:	
Investment in Capital Assets	49,272
Unrestricted	3,683
	<hr/>
Total Net Position	\$ 52,955
	<hr/> <hr/>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 221,320
Total Operating Revenue	<u>221,320</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	101,545
Salaries, Benefits & Payroll Taxes	93,452
Supplies, Insurance & Other Costs	4,046
Management Fee	23,468
Depreciation	8,906
Miscellaneous Expenses	8,718
Total Operating Expenses	<u>240,135</u>
Operating Loss	<u>(18,815)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	766
Total Non-Operating Revenue	<u>766</u>
Change in Net Position Before Other Item	(18,049)
Other Item:	
Board Contribution - General Fund	10,693
Changes in Net Position After Other Item	(7,356)
Net Position - Beginning of Year	<u>60,311</u>
Net Position - End of Year	<u><u>\$ 52,955</u></u>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 220,668
Payments to Food Service Vendor	(243,404)
Payments to Suppliers	(8,688)
	<hr/>
Net Cash (Used for) Operating Activities	(31,424)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Income	766
Board Contribution - General Fund	10,693
	<hr/>
Net Cash Provided by Noncapital Financing Activities	11,459
	<hr/>
Net (Decrease) in Cash and Cash Equivalents	(19,965)
	<hr/>
Cash and Cash Equivalents, July 1	21,138
	<hr/>
Cash and Cash Equivalents, June 30	\$ 1,173
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (18,815)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	8,906
Changes in Assets and Liabilities:	
Decrease in Inventory	275
(Decrease) in Accounts Payable	(21,138)
(Decrease) in Unearned Revenue - Prepaid Sales	(652)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (31,424)
	<hr/> <hr/>

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 15,504,902	\$ 491,902
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the		
Budgetary basis recognizes Encumbrances as Expenditures		
and Revenue whereas the GAAP basis does not.		
Prior Year Encumbrances		10,796
Current Year Encumbrances		(6,407)
Prior Year State Aid Payments Recognized for GAAP Statements,		
not Recognized for Budgetary Purposes	37,788	
Current Year State Aid Payments Recognized for Budgetary		
Purposes, not Recognized for GAAP Statements	(45,446)	
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,497,244</u>	<u>\$ 496,291</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Budgetary Comparison Schedule	\$ 14,392,731	\$ 503,773
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.		4,389
Total Expenditures as Reported on the Statement of Revenue,		
Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,392,731</u>	<u>\$ 508,162</u>

E. Cash and Cash Equivalents and Investments:

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

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

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

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

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

L. Lease Assets:

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

M. Subscription Assets

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2024.

P. Compensated Absences:

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

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

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

T. Fund Balance Appropriated:

General Fund: Of the \$9,204,372 General Fund fund balance at June 30, 2024, \$6,079,764 is restricted in the capital reserve account; \$1,275,510 is restricted in the maintenance reserve account; \$69,767 is restricted for unemployment compensation; \$650,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2025, \$650,000 is restricted as current year excess surplus and will be included as anticipated revenue for the year ending June 30, 2026, \$122,455 is assigned for year-end encumbrances, \$95,806 is designated for subsequent year's expenditures and \$261,070 is unassigned which is \$45,446 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2025.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2024 of \$30,536 is restricted for student activities.

Debt Service Fund: The Debt Service Fund restricted fund balance at June 30, 2024 is \$1,246 and has been appropriated and included as anticipated revenue for the year ending June 30, 2025.

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

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

U. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2024 of \$1,886,766. This deficit primarily resulted from the net pension liability and related deferred inflows and outflows. The deficit in the governmental activities unrestricted net position does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2024 for the deferred amount on refunding of debt related to the District's refunding bonds and pensions.

The District had deferred inflows of resources related to pensions at June 30, 2024.

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated depreciation reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

V. Net Position: (Cont'd)

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2024.

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 designated for subsequent year's expenditures at June 30, 2024.

X. Revenue - Exchange and Nonexchange Transactions:

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

Investments: (Cont'd)

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking & Savings Accounts	\$ 1,769,031	\$ 7,475,679	\$ 9,244,710
	<u>\$ 1,769,031</u>	<u>\$ 7,475,679</u>	<u>\$ 9,244,710</u>

During the period ended June 30, 2024 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$9,244,710 and the bank balance was \$9,385,657.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2023	\$ 5,124,649
Increased by:	
Interest Earnings	96,300
Increased by Board Resolution June 2024	<u>858,815</u>
Ending Balance, June 30, 2024	<u><u>\$ 6,079,764</u></u>

The June 30, 2024 Capital Reserve balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	<u>\$ 1,275,510</u>
Ending Balance, June 30, 2024	<u><u>\$ 1,275,510</u></u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District made no transfers to the capital outlay accounts.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 251			\$ 251
Total Capital Assets Not Being Depreciated	251			251
Capital Assets Being Depreciated:				
Site Improvements	1,611,099			1,611,099
Buildings and Building Improvements	14,571,138	\$ 721,689		15,292,827
Machinery and Equipment	1,483,870	35,535		1,519,405
Total Capital Assets Being Depreciated	17,666,107	757,224		18,423,331
Governmental Activities Capital Assets	17,666,358	757,224		18,423,582
Less Accumulated Depreciation for:				
Site Improvements	(983,689)	(48,380)		(1,032,069)
Buildings and Building Improvements	(7,549,039)	(383,515)		(7,932,554)
Machinery and Equipment	(1,091,660)	(72,449)		(1,164,109)
	(9,624,388)	(504,344)		(10,128,732)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,041,970	\$ 252,880	\$ - 0 -	\$ 8,294,850
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 219,131			\$ 219,131
Less Accumulated Depreciation	(160,953)	\$ (8,906)		(169,859)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 58,178	\$ (8,906)	\$ - 0 -	\$ 49,272

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 216,871
Special Education Instruction	45,390
Other Instruction	5,043
Student and Instruction Related Services	95,825
General Administration	20,174
School Administration	20,174
Central Services	20,174
Operations and Maintenance of Plant	65,564
Pupil Transportation	15,129
	<u>\$ 504,344</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024	Due Within One Year
Bonds Payable	\$ 1,465,000		\$ 555,000	\$ 910,000	\$ 540,000
Compensated Absences Payable	89,750	\$ 128,678		218,428	9,098
Unamortized Bond Premium	164,171		54,723	109,448	54,724
Net Pension Liability - PERS	1,939,521	164,696		2,104,217	
	<u>\$ 3,658,442</u>	<u>\$ 293,374</u>	<u>\$ 609,723</u>	<u>\$ 3,342,093</u>	<u>\$ 603,822</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Final Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
3/1/2026	3.00%	<u>\$ 910,000</u>

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

Fiscal Year Ending June 30,	<u>Bonds</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 540,000	\$ 27,300	\$ 567,300
2026	370,000	11,100	381,100
	<u>\$ 910,000</u>	<u>\$ 38,400</u>	<u>\$ 948,400</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the Board had no bonds authorized but not issued.



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$9,098 and \$-0- for business type activities in the current year. The long-term portion of compensated absences is \$209,330 for Governmental Activities and \$ -0- for Business-type Activities. Compensated absences will be liquidated by the General Fund.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$2,104,217. See Note 9 for further information on the PERS.

E. Bond Premiums:

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

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$194,164 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$6,562 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 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.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

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

At June 30, 2024, the District's liability was \$2,104,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.0145%, which was an increase of 0.0017% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension expense in the amount of \$51,024 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$6,562 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ 11,431
	2020	5.16		104,002
	2021	5.13	\$ 4,623	
	2022	5.04		12,092
			<u>4,623</u>	<u>127,525</u>
Changes in Proportion	2019	5.21		3,175
	2020	5.16	29,572	
	2021	5.13		142,065
	2022	5.04	68,155	
	2023	5.08	<u>224,303</u>	<u>145,240</u>
Difference Between Expected and Actual Experience	2019	5.21	874	
	2020	5.16	5,794	
	2021	5.13		3,676
	2022	5.04		4,925
	2023	5.08	<u>13,451</u>	<u>8,601</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	32,586	
	2021	5.00	(271,005)	
	2022	5.00	322,431	
	2023	5.00	<u>(74,322)</u>	<u></u>
Contribution Subsequent to Measurement Date			<u>9,690</u>	<u></u>
	2023	1.00	<u>220,000</u>	<u></u>
			<u>\$ 576,462</u>	<u>\$ 281,366</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Total
2024	\$ (111,095)
2025	(62,009)
2026	86,653
2027	(15,508)
2028	264
	<u>\$ (101,694)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2023 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, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,739,243	\$ 2,104,217	\$ 1,563,726

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, 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 2024, the State of New Jersey contributed \$1,796,554 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$539,924.

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$21,977,532. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.0431%, which was an increase of 0.0013% from its proportion measured as of June 30, 2022.



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	21,977,532
Total	<u>\$ 21,977,532</u>

For the fiscal year ended June 30, 2024, the State recognized pension expense on behalf of the District in the amount of \$539,924 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	<u>\$ (12,327,824,636)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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 – 4.25% 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2023 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, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 25,915,498	\$ 21,977,532	\$ 18,660,828

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 \$986 for the year ended June 30, 2024. Employee contributions to DCRP amounted to \$1,954 for the year ended June 30, 2024.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

Selected financial information for HIF and NJSIG as of June 30, 2024 was not available at the time of audit. Selected financial information as of June 30, 2023 is as follows:

	New Jersey Schools Insurance Group	Schools Health Insurance Fund
Total Assets	\$ 429,049,188	\$ 193,919,700
Net Position	\$ 201,308,725	\$ 122,648,426
Total Revenue	\$ 160,069,780	\$ 479,446,780
Total Expenses	\$ 141,165,428	\$ 465,267,220
Change in Net Position	\$ 16,304,414	\$ 3,461,395
Members Dividends	\$ 2,599,938	\$ 10,718,165

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ -0-	\$ 9,991	\$ 9,413	\$ 69,767
2022-2023	-0-	12,061	5,995	69,189
2021-2022	-0-	11,327	-0-	63,123

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances that remained on the balance sheet at June 30, 2024.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

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

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2024, encumbrances in the governmental funds were:

General Fund	Special Revenue Fund	Total Governmental Activities
<u>          </u>	<u>          </u>	<u>          </u>
\$ 122,455	\$ 6,407	\$ 128,862
<u>          </u>	<u>          </u>	<u>          </u>

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$122,455 is assigned for year-end encumbrances in the General Fund and \$0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$6,407 less than the actual year-end encumbrances on a budgetary basis. Encumbrances in the Special Revenue Fund are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2024 were:

	General Fund	Special Revenue Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Vendors	\$ 47,096	\$ 3,530	\$ 50,626		\$ 50,626
Payroll Deductions and Withholdings	16,587		16,587		16,587
Due to State of NJ				\$ 220,000	220,000
	<u>63,683</u>	<u>3,530</u>	<u>67,213</u>	<u>220,000</u>	<u>287,213</u>

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.



MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 through June 30, 2021.

100% of active employees 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 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%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 17. 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 Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2022	\$ 19,515,273
Changes for Year:	
Service Cost	918,239
Interest Cost	713,108
Differences Between Expected and Actual Experiences	(401,867)
Changes in Assumptions	40,812
Member Contributions	18,274
Gross Benefit Payments	(555,880)
Net Changes	732,686
Balance at June 30, 2023	\$ 20,247,959

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, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPEB Liability Attributable to the District	\$ 23,737,256	\$ 20,247,959	\$ 17,446,459

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, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 16,808,928	\$ 20,247,959	\$ 24,747,940

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

NOTE 17. 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 and Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$447,649 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, 2023 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 729,610
	2018	9.51		755,212
	2019	9.29	\$ 111,104	
	2020	9.24	2,716,298	
	2021	9.24	15,460	
	2022	9.13		4,102,891
	2023	9.30	36,423	
			<u>2,879,285</u>	<u>5,587,713</u>
Differences between Expected and Actual Experience	2018	9.51		713,911
	2019	9.29		1,307,696
	2020	9.24	2,531,697	
	2021	9.24		2,973,145
	2022	9.13	422,538	
	2023	9.30		338,358
			<u>2,954,235</u>	<u>5,333,110</u>
Changes in Proportion	N/A	N/A	<u>119,321</u>	<u>960,105</u>
			<u>\$ 5,952,841</u>	<u>\$ 11,880,928</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (1,009,746)
2025	(1,009,746)
2026	(877,612)
2027	(517,407)
2028	(105,907)
Thereafter	(1,566,885)
	<u>\$ (5,087,303)</u>

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.0090659034%	0.0095749628%	0.0107134771%	0.0116706384%	0.0135899404%	0.0132423440%	0.0138265972%	0.0122577928%	0.0128518500%	0.0145275002%
District's proportionate share of the net pension liability	\$ 1,697,385	\$ 2,149,387	\$ 3,173,025	\$ 2,716,738	\$ 2,675,792	\$ 2,386,069	\$ 2,254,756	\$ 1,452,119	\$ 1,939,521	\$ 2,104,217
District's covered employee payroll	\$ 739,333	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665	\$ 924,610	\$ 941,509
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	229.58%	292.68%	410.57%	303.15%	290.80%	255.80%	263.33%	170.30%	209.77%	223.49%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 74,738	\$ 82,319	\$ 72,452	\$ 110,568	\$ 136,417	\$ 129,731	\$ 151,256	\$ 143,553	\$ 162,068	\$ 194,164
Contributions in relation to the contractually required contribution	(74,738)	(82,319)	(72,452)	(110,568)	(136,417)	(129,731)	(151,256)	(143,553)	(162,068)	(194,164)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 734,369	\$ 772,842	\$ 896,183	\$ 920,161	\$ 932,771	\$ 856,235	\$ 852,665	\$ 924,610	\$ 941,509	\$ 1,028,254
Contributions as a percentage of covered employee payroll	10.18%	10.65%	8.08%	12.02%	14.62%	15.15%	17.74%	15.53%	17.21%	18.88%



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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.0447867418%	0.0432440200%	0.0459372055%	0.0438244037%	0.0447639504%	0.0387182528%	0.0389502856%	0.0406923023%	0.0417360033%	0.0430656127%
State's proportionate share of the net pension liability attributable to the District	\$ 23,937,056	\$ 27,332,067	\$ 36,137,131	\$ 29,547,993	\$ 28,477,864	\$ 23,761,757	\$ 25,648,294	\$ 19,562,901	\$ 21,533,447	\$ 21,977,532
District's covered employee payroll	\$ 4,445,641	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787	\$ 4,755,417	\$ 5,233,514	\$ 5,381,943
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	538.44%	620.16%	791.18%	741.66%	710.93%	524.10%	544.57%	411.38%	411.45%	408.36%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%

MENDHAM BOROUGH 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 1,288,038	\$ 1,668,869	\$ 2,715,203	\$ 2,046,935	\$ 1,660,160	\$ 1,401,532	\$ 1,594,920	\$ 460,234	\$ 579,525	\$ 539,924
Contributions in relation to the contractually required contribution	(233,793)	(367,791)	(475,702)	(436,105)	(761,494)	(854,329)	(1,182,876)	(1,718,129)	(1,760,548)	(1,796,554)
Contribution deficiency/(excess)	<u>\$ 1,054,245</u>	<u>\$ 1,301,078</u>	<u>\$ 2,239,501</u>	<u>\$ 1,610,830</u>	<u>\$ 898,666</u>	<u>\$ 547,203</u>	<u>\$ 412,044</u>	<u>\$ (1,257,895)</u>	<u>\$ (1,181,023)</u>	<u>\$ (1,256,630)</u>
District's covered employee payroll	\$ 4,407,267	\$ 4,567,502	\$ 3,984,061	\$ 4,005,734	\$ 4,533,808	\$ 4,709,787	\$ 4,755,417	\$ 5,233,514	\$ 5,381,943	\$ 5,283,502
Contributions as a percentage of covered employee payroll	29.23%	8.05%	11.94%	10.89%	16.80%	18.14%	24.87%	32.83%	32.71%	34.00%

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						2023
Service Cost	\$ 915,717	\$ 754,727	\$ 655,720	\$ 728,850	\$ 1,428,795	\$ 1,186,020
Interest Cost	700,101	808,159	741,239	594,491	608,532	517,176
Changes of Benefit Terms					(24,968)	
Differences Between Expected and Actual Experiences		(2,246,924)	(3,411,274)	4,601,577	(4,972,536)	84,798
Changes in Assumptions	(2,957,943)	(2,150,609)	245,739	4,906,235	23,143	(5,235,147)
Member Contributions	18,814	17,320	14,997	14,173	15,557	16,434
Gross Benefit Payments	(510,941)	(501,124)	(505,929)	(467,595)	(479,353)	(512,278)
Net Change in Total OPEB Liability	(1,834,252)	(3,318,451)	(2,259,508)	10,377,731	(3,400,830)	(3,942,997)
Total OPEB Liability - Beginning	23,893,580	22,059,328	18,740,877	16,481,369	26,859,100	23,458,270
Total OPEB Liability - Ending	\$ 22,059,328	\$ 18,740,877	\$ 16,481,369	\$ 26,859,100	\$ 23,458,270	\$ 19,515,273
District's Covered Employee Payroll *	\$ 5,340,344	\$ 4,880,244	\$ 4,925,895	\$ 5,466,579	\$ 5,566,022	\$ 5,608,082
Total OPEB Liability as a Percentage of Covered Employee Payroll	413%	384%	335%	491%	421%	348%
						329%

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2023 are based on the payroll on the June 30, 2016 - 2022 census data.

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

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%.

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

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

BUDGETARY COMPARISON SCHEDULES

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 11,747,722		\$ 11,747,722	\$ 11,747,722	
Tuition From Individuals	195,500		195,500	91,100	\$ (104,400)
Transportation Fees From Individuals	14,500		14,500	2,208	(12,292)
Rents and Royalties	31,000		31,000	10,513	(20,487)
Unrestricted Miscellaneous Revenues	184,037		184,037	222,066	38,029
Interest Earned on Maintenance Reserve	500		500		(500)
Interest Earned on Capital Reserve Funds	2,000		2,000	96,300	94,300
Other Restricted Miscellaneous Revenues				1,858	1,858
Total Revenues from Local Sources	12,175,259		12,175,259	12,171,767	(3,492)
Revenues from State Sources:					
Categorical Transportation Aid	47,259		47,259	47,259	
Extraordinary Aid				45,596	45,596
Categorical Special Education Aid	487,951		487,951	487,951	
Nonpublic Transportation Aid				10,920	10,920
Categorical Security Aid	35,667		35,667	35,667	
TPAF Post Retirement Contributions (Non-Budgeted)				494,533	494,533
TPAF Pension Contributions (Non-Budgeted)				1,796,554	1,796,554
TPAF Non-Contributory Insurance (Non-Budgeted)				20,489	20,489
TPAF Long-Term Disability Insurance (Non-Budgeted)				978	978
Reimbursed TPAF Social Security Contributions	570,877			393,188	393,188
Total Revenues from State Sources			570,877	3,333,135	2,762,258
TOTAL REVENUE	12,746,136		12,746,136	15,504,902	2,758,766

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 120,550		\$ 120,550	\$ 120,260	\$ 290
Kindergarten - Salaries of Teachers	214,805	9,400	224,205	221,495	2,710
Grades 1-5 - Salaries of Teachers	1,659,504	(50,690)	1,608,814	1,478,586	130,228
Grades 6-8 - Salaries of Teachers	1,533,795	109,150	1,642,945	1,642,920	25
Regular Programs - Home Instruction:					
Salaries of Teachers		10,160	10,160	7,703	2,457
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	5,000	7,555	12,555	11,953	602
Purchased Professional-Educational Services	12,500		12,500		12,500
Other Purchased Services (400-500 series)	69,749		69,749	39,163	30,586
General Supplies	286,529	(485)	286,044	188,720	97,324
Total Regular Programs - Instruction	3,902,432	85,090	3,987,522	3,710,800	276,722
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	641,125	9,000	650,125	638,466	11,659
Other Salaries for Instruction	122,912	450	123,362	117,525	5,837
General Supplies	3,399		3,399	2,128	1,271
Total Resource Room/Resource Center	767,436	9,450	776,886	758,119	18,767
Home Instruction:					
Salaries of Teachers	3,000	(3,000)			
Total Home Instruction	3,000	(3,000)			
TOTAL SPECIAL EDUCATION - INSTRUCTION	770,436	6,450	776,886	758,119	18,767

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 53,580	\$ 1,450	\$ 55,030	\$ 49,756	\$ 5,274
Supplies and Materials	1,200		1,200	1,123	77
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	54,780	1,450	56,230	50,879	5,351
School-Sponsored Athletics - Instruction:					
Salaries	42,286		42,286	36,147	6,139
Supplies and Materials	3,100		3,100	3,084	16
Total School-Sponsored Athletics - Instruction	45,386		45,386	39,231	6,155
TOTAL INSTRUCTION	4,773,034	92,990	4,866,024	4,559,029	306,995
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular		136,022	136,022	79,375	56,647
Tuition to Other LEAs Within the State-Special	132,514	(125,639)	6,875	6,875	
Tuition to Priv. Sch. for the Handicap. W/I State	527,270	(85,318)	441,952	262,065	179,887
Tuition - Other		39,000	39,000		39,000
Total Undistributed Expenditures - Instruction	659,784	(35,935)	623,849	348,315	275,534
Undistributed Expend. - Attend. & Social Work:					
Salaries	38,325		38,325	38,044	281
Total Undist. Expend. - Attendance and Social Work	38,325		38,325	38,044	281
Undistributed Expenditures - Health Services:					
Salaries	141,170	(475)	140,695	136,805	3,890
Purchased Professional and Technical Services	10,455	510	10,965	5,965	5,000
Supplies and Materials	3,054	76	3,130	2,500	630
Total Undist. Expenditures - Health Services	154,679	111	154,790	145,270	9,520
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	74,051	(3,000)	71,051	67,325	3,726
Purchased Professional - Educational Services	67,480	3,000	70,480	19,578	50,902
Supplies and Materials	1,250		1,250	337	913
Total Undist. Expend. - Speech, OT, PT, Related Svcs	142,781		142,781	87,240	55,541



MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	\$ 28,553	\$ 1	\$ 28,554	\$ 28,553	\$ 1
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	28,553	1	28,554	28,553	1
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	152,575	1,215	153,790	153,790	
Salaries of Secretarial and Clerical Assistants	66,820	(12,335)	54,485	50,548	3,937
Other Purchased Prof. and Tech. Services	5,350	(29)	5,321	3,750	1,571
Supplies and Materials	2,000	(55)	1,945	1,487	458
Other Objects	625		625	500	125
Total Undist Expend. - Guidance	227,370	(11,204)	216,166	210,075	6,091
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	360,747	2,261	363,008	344,157	18,851
Salaries of Secretarial and Clerical Assistants	45,788	1	45,789	45,788	1
Purchased Professional - Educational Services	44,702	(60)	44,642	24,200	20,442
Other Purchased Prof. and Tech. Services	150		150		150
Other Purchased Services (400-500 series)	1,400		1,400		1,400
Supplies and Materials	3,722		3,722	3,269	453
Other Objects	719		719	710	9
Total Undist Expend. - Child Study Team	457,228	2,202	459,430	418,124	41,306
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	233,423	2,061	235,484	232,136	3,348
Salaries of Other Professional Staff	8,125	470	8,595	6,165	2,430
Other Salaries	4,340	3,100	7,440	5,993	1,447
Other Purchased Services (400-500 series)	21,200		21,200	19,713	1,487
Supplies and Materials	300		300		300
Other Objects	1,205		1,205	1,205	
Total Undist. Expend. - Improv. of Inst. Serv.	268,593	5,631	274,224	265,212	9,012

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 135,854	\$ 7,377	\$ 143,231	\$ 142,541	\$ 690
Salaries of Technology Coordinators	111,998	1	111,999	111,998	1
Other Purchased Services (400-500 series)	207,306	8,999	216,305	197,899	18,406
Supplies and Materials	3,160		3,160	2,998	162
Other Objects	600		600	600	
Total Undist Expend-Edu. Media Serv./Sch. Library	458,918	16,377	475,295	456,036	19,259
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	7,257	490	7,747	4,893	2,854
Total Undist.Expend.-Instructional Staff Training Services	7,257	490	7,747	4,893	2,854
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	161,240	12,020	173,260	173,258	2
Legal Services	36,000	10,000	46,000	37,988	8,012
Audit Fees	56,100	(5,105)	50,995	31,550	19,445
Other Purchased Professional Services	6,500	5,000	11,500	5,545	5,955
Communications / Telephone	11,054		11,054	6,593	4,461
BOE Other Purchased Services	10,000	8,900	18,900	14,492	4,408
Other Purch. Serv. (400-500 series other than 530 & 585)	45,000	(5,825)	39,175	24,113	15,062
General Supplies	6,000		6,000	3,095	2,905
BOE In-house training/ Meeting Supplies	2,300		2,300	2,114	186
Judgments Against The School District	15,397		15,397		15,397
Miscellaneous Expenditures	34,700	(13,900)	20,800	11,869	8,931
Total Undist. Expend.-Support Serv.-Gen. Admin.	384,291	11,090	395,381	310,617	84,764
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	294,052	2,390	296,442	296,106	336
Salaries of Secretarial and Clerical Assistants	67,353	282	67,635	67,634	1
Other Purchased Services (400-500 series)	750	266	1,016	1,003	13
Supplies and Materials	8,775	(26)	8,749	7,831	918
Other Objects	3,064	(237)	2,827	2,742	85
Total Undist. Expend.-Support Serv.-School Adm.	373,994	2,675	376,669	375,316	1,353

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 276,444	\$ (12,327)	\$ 264,117	\$ 254,156	\$ 9,961
Purchased Professional Services	46,300	7,209	53,509	51,616	1,893
Miscellaneous Purchased Services (400-500 series other than 594)	2,700		2,700	800	1,900
Supplies and Materials	9,300	8,759	18,059	12,130	5,929
Other Objects	4,300		4,300	1,850	2,450
Total Undist. Expend. - Central Services	339,044	3,641	342,685	320,552	22,133
Undist. Expend. - Admin. Info. Technology:					
Salaries	45,000	(24,864)	20,136	1,999	18,137
Total Undist. Expend. - Admin. Info. Technology	45,000	(24,864)	20,136	1,999	18,137
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	87,380		87,380	87,380	
Cleaning, Repair, and Maintenance Services	237,739	(1,980)	235,759	147,008	88,751
Lead Testing of Drinking Water	3,000		3,000		3,000
General Supplies	30,000		30,000	2,964	27,036
Other Objects	1,000		1,000	993	7
Total Undist. Expend.- Required Maint. for School Facilities	359,119	(1,980)	357,139	238,345	118,794
Undist. Expend.-Custodial Services:					
Salaries	333,087		333,087	304,900	28,187
Cleaning, Repair, and Maintenance Services	20,000	1,980	21,980	15,853	6,127
Other Purchased Property Services	57,174		57,174	23,864	33,310
Insurance	68,500	6,000	74,500	74,125	375
General Supplies	84,174	(5,000)	79,174	56,080	23,094
Energy (Natural Gas)	100,000	(9,700)	90,300	38,861	51,439
Energy (Electricity)	150,000	(1,000)	149,000	109,030	39,970
Other Objects	2,000		2,000	792	1,208
Total Undist. Expend.-Custodial Services	814,935	(7,720)	807,215	623,505	183,710

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 78,200	\$ 1,000	\$ 79,200	\$ 60,477	\$ 18,723
General Supplies	5,000		5,000	3,395	1,605
Total Care And Upkeep Of Grounds	83,200	1,000	84,200	63,872	20,328
Security:					
Salaries	118,196	9,305	127,501	124,786	2,715
Purchased Professional and Technical Services	52,920	1,126	54,046	49,187	4,859
General Supplies	14,000	(1,126)	12,874	11,418	1,456
Total Security	185,116	9,305	194,421	185,391	9,030
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,442,370	605	1,442,975	1,111,113	331,862
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	47,563		47,563	30,057	17,506
Contract. Serv.(Bet. Home & Sch.)-Vendors	1,000		1,000		1,000
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	40,000	(561)	39,439	15,148	24,291
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	90,000	561	90,561	90,561	
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	211,798	(38,200)	173,598	61,076	112,522
Total Undist. Expend.-Student Trans. Serv.	390,361	(38,200)	352,161	196,842	155,319
UNALLOCATED BENEFITS					
Social Security Contributions	120,000	5,625	125,625	125,621	4
Other Retirement Contributions - PERS	170,000	24,165	194,165	194,164	1
Other Retirement Contributions - Regular		986	986	986	
Workers Compensation	78,000	(6,000)	72,000	67,155	4,845
Health Benefits	1,821,742	(71,224)	1,750,518	1,521,493	229,025
Tuition Reimbursement	25,000		25,000	5,724	19,276
Other Employee Benefits	80,000	10,013	90,013	89,787	226
Unused Sick Payment to Terminated/Retired Staff	20,000		20,000	9,098	10,902
TOTAL UNALLOCATED BENEFITS	2,314,742	(36,435)	2,278,307	2,014,028	264,279

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$	494,533	\$ (494,533)
TPAF Pension Contributions (Non-Budgeted)				1,796,554	(1,796,554)
TPAF Non-Contributory Insurance (Non-Budgeted)				20,489	(20,489)
TPAF Long-Term Disability Insurance (Non-Budgeted)				978	(978)
Reimbursed TPAF Social Security Contributions				393,188	(393,188)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				<u>2,705,742</u>	<u>(2,705,742)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,314,742	\$ (36,435)	\$ 2,278,307	4,719,770	(2,441,463)
TOTAL UNDISTRIBUTED EXPENDITURES	7,733,290	(103,815)	7,629,475	9,037,971	(1,408,496)
TOTAL GENERAL CURRENT EXPENSE	12,506,324	(10,825)	12,495,499	13,597,000	(1,101,501)
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Instruction	31,600		31,600	31,331	269
Undistributed Expenditures - Admin. Info. Tech.	99,641		99,641	98,214	1,427
Total Equipment	131,241		131,241	129,545	1,696
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	55,000		55,000	52,803	2,197
Construction Services	674,688		674,688	579,920	94,768
Assessment for Debt Service on SDA Funding	33,463		33,463	33,463	
Total Facilities Acquisition and Const. Serv.	763,151		763,151	666,186	96,965
TOTAL CAPITAL OUTLAY	894,392		894,392	795,731	98,661
TOTAL EXPENDITURES	13,400,716	(10,825)	13,389,891	14,392,731	(1,002,840)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(654,580)	10,825	(643,755)	1,112,171	1,755,926

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfers to Cover Deficit (Enterprise Fund)	\$ (10,000)	\$ (10,825)	\$ (20,825)	\$ (10,693)	\$ 10,132
Total Other Financing Sources/(Uses)	<u>(10,000)</u>	<u>(10,825)</u>	<u>(20,825)</u>	<u>(10,693)</u>	<u>10,132</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	(664,580)		(664,580)	1,101,478	1,766,058
Fund Balance, July 1	8,148,340		8,148,340	8,148,340	
Fund Balance, June 30	<u>\$ 7,483,760</u>	<u>\$ -0-</u>	<u>\$ 7,483,760</u>	<u>\$ 9,249,818</u>	<u>\$ 1,766,058</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 650,000	
Excess Surplus - Restricted For 2024-2025				650,000	
Capital Reserve				6,079,764	
Maintenance Reserve				1,275,510	
Unemployment Compensation				69,767	
Assigned Fund Balance:					
Year End Encumbrances				122,455	
Designated for Subsequent Year's Expenditures				95,806	
Unassigned Fund Balance				<u>306,516</u>	
				<u>9,249,818</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(45,446)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)	<u>\$</u>			<u>9,204,372</u>	

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 43,100	\$ 84,885	\$ 127,985	\$ 112,849	\$ (15,136)
State Sources		95,029	95,029	94,729	(300)
Federal Sources	249,900	91,670	341,570	284,324	(57,246)
Total Revenues	293,000	271,584	564,584	491,902	(72,682)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	51,134	(2,870)	48,264	44,970	3,294
Tuition	12,897		12,897	12,897	
General Supplies	20,499	23,431	43,930	32,112	11,818
Total Instruction	84,530	20,561	105,091	89,979	15,112
Support Services:					
Purchased Professional and Technical Services	80,499	75,480	155,979	113,902	42,077
Other Purchased Services		9,000	9,000	8,999	1
Supplies and Materials	1,605	1,721	3,326	1,605	1,721
Other Objects	1,600		1,600		1,600
Student Activities	25,000	89,822	114,822	114,822	
Total Support Services	108,704	176,023	284,727	239,328	45,399
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	99,766	75,000	174,766	174,466	300
Total Facilities Acquisition and Construction Services	99,766	75,000	174,766	174,466	300
Total Expenditures	\$ 293,000	\$ 271,584	\$ 564,584	\$ 503,773	\$ 60,811
Deficit of Revenue Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (11,871)	\$ (11,871)

MENDHAM BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 15,504,902	\$ 491,902
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances and Revenue whereas the GAAP Basis does not.		
Prior Year Encumbrances		10,796
Current Year Encumbrances		(6,407)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	37,788	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(45,446)	
	<u>\$ 15,497,244</u>	<u>\$ 496,291</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,392,731	\$ 503,773
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.		4,389
	<u>\$ 14,392,731</u>	<u>\$ 508,162</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		



MENDHAM BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MENDHAM BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	SDA Emergent Capital and Maintenance Needs	Local Recreation Improvement Grant	I.D.E.A. Part B		COVID-19 High Impact Tutoring	Elementary and Secondary Education Act Title II - Part A
			Basic	Preschool		
REVENUES:						
Local Sources						
State Sources	\$ 19,729	\$ 75,000	\$ 99,112	\$ 6,125	\$ 16,200	\$ 6,161
Federal Sources						
Total Revenues	19,729	75,000	99,112	6,125	16,200	6,161
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Tuition			12,897		16,200	
General Supplies	9,229					
Total Instruction	9,229		12,897		16,200	
Support Services:						
Purchased Professional and Technical Services						6,161
Other Purchased Services			86,215	6,125		
Supplies and Materials						
Student Activities						
Total Support Services			86,215	6,125		6,161
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment	10,500	75,000				
Total Facilities Acquisition and Construction Services	10,500	75,000				
Total Expenditures	\$ 19,729	\$ 75,000	\$ 99,112	\$ 6,125	\$ 16,200	\$ 6,161

MENDHAM BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	COVID-19 ARP				
	ESSER III	Learning Acceleration	Summer Learning and Enrichment	Comprehensive Beyond the School Day	Mental Health Support Staffing
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 103,707	\$ 3,320	\$ 9,931	\$ 24,787	\$ 14,981
Total Revenues	103,707	3,320	9,931	24,787	14,981
EXPENDITURES:					
Instruction:					
Salaries of Teachers			3,983	24,787	
Tuition	13,136	2,900	5,948		
General Supplies	13,136	2,900	9,931	24,787	
Total Instruction					
Support Services:					
Purchased Professional and Technical Services		420			14,981
Other Purchased Services					
Supplies and Materials	1,605				
Student Activities					
Total Support Services	1,605	420			14,981
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	88,966				
Total Facilities Acquisition and Construction Services	88,966				
Total Expenditures	\$ 103,707	\$ 3,320	\$ 9,931	\$ 24,787	\$ 14,981

MENDHAM BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Local Grants	Student Activities	Totals
<b>REVENUES:</b>			
Local Sources	\$ 9,898	\$ 102,951	\$ 112,849
State Sources			94,729
Federal Sources			284,324
Total Revenues	9,898	102,951	491,902
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers			44,970
Tuition			12,897
General Supplies	899		32,112
Total Instruction	899		89,979
Support Services:			
Purchased Professional and Technical Services			113,902
Other Purchased Services	8,999		8,999
Supplies and Materials			1,605
Student Activities		114,822	114,822
Total Support Services	8,999	114,822	239,328
Facilities Acquisition and Construction Services:			
Non-Instructional Equipment			174,466
Total Facilities Acquisition and Construction Services			174,466
Total Expenditures	\$ 9,898	\$ 114,822	\$ 503,773

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS
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MENDHAM BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2024

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 1,173
Inventories	9,108

Total Current Assets	<u>10,281</u>
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## Capital Assets:

Furniture and Equipment	219,131
Less: Accumulated Depreciation	<u>(169,859)</u>

Total Capital Assets	<u>49,272</u>
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Total Assets	<u>59,553</u>
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## LIABILITIES:

## Current Liabilities:

Unearned Revenue - Prepaid Sales	<u>6,598</u>
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Total Liabilities	<u>6,598</u>
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## NET POSITION:

Investment in Capital Assets	49,272
Unrestricted	<u>3,683</u>

Total Net Position	<u><u>\$ 52,955</u></u>
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MENDHAM BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating revenue	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 221,320
Total Operating Revenue	<u>221,320</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	101,545
Salaries, Benefits & Payroll Taxes	93,452
Supplies, Insurance & Other Costs	4,046
Management Fee	23,468
Depreciation Expense	8,906
Miscellaneous Expenses	8,718
Total Operating Expenses	<u>240,135</u>
Operating Loss	<u>(18,815)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	766
Total Non-Operating Revenue	<u>766</u>
Change in Net Position Before Other Item	(18,049)
Other Item:	
Board Contribution - General Fund	<u>10,693</u>
Changes in Net Position After Other Item	(7,356)
Net Position - Beginning of Year	<u>60,311</u>
Net Position - End of Year	<u><u>\$ 52,955</u></u>

MENDHAM BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities:	
Receipts from Customers	\$ 220,668
Payments to Food Service Vendor	(243,404)
Payments to Suppliers	(8,688)
Net Cash (Used for) Operating Activities	<u>(31,424)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	766
Board Contribution - General Fund	10,693
Net Cash Provided by Noncapital Financing Activities	<u>11,459</u>
Net (Decrease) in Cash and Cash Equivalents	(19,965)
Cash and Cash Equivalents, July 1	<u>21,138</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 1,173</u></u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (18,815)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	8,906
Changes in Assets and Liabilities:	
Decrease in Inventory	275
(Decrease) in Accounts Payable	(21,138)
(Decrease) in Unearned Revenue - Prepaid Sales	(652)
Net Cash (Used for) Operating Activities	<u><u>\$ (31,424)</u></u>

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES
-----------------------

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds					Interest Rate	Balance June 30, 2023	Matured	Balance June 30, 2024
			Outstanding		Date	Amount					
			June 30, 2024								
2014 Series Refunding Bonds	12/02/2014	\$ 6,075,000			3/1/2025	\$ 540,000		3.000%			
					3/1/2026	370,000		3.000%	\$ 1,465,000	\$ 555,000	\$ 910,000
									\$ 1,465,000	\$ 555,000	\$ 910,000

MENDHAM BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 598,787	\$ 598,787	\$ 598,787	
Total Revenue	<u>598,787</u>	<u>598,787</u>	<u>598,787</u>	
EXPENDITURES:				
Regular Debt Service:				
Interest	43,950	43,950	43,950	
Redemption of Principal	<u>555,000</u>	<u>555,000</u>	<u>555,000</u>	
Total Regular Debt Service	<u>598,950</u>	<u>598,950</u>	<u>598,950</u>	
Total Expenditures	<u>598,950</u>	<u>598,950</u>	<u>598,950</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(163)</u>	<u>(163)</u>	<u>(163)</u>	
Fund Balance, July 1	<u>1,409</u>	<u>1,409</u>	<u>1,409</u>	\$ -0-
Fund Balance, June 30	<u>\$ 1,246</u>	<u>\$ 1,246</u>	<u>\$ 1,246</u>	<u>\$ -0-</u>
<u>Recapitulation:</u>				
Restricted for Subsequent Year's Expenditures			<u>\$ 1,246</u>	

**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.



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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 3,533,362	\$ 3,874,760	\$ 3,806,897	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,916,936	\$ 5,785,719	\$ 6,610,716	\$ 7,407,348
Unrestricted/(Deficit)	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396	6,350,121	7,735,650	8,756,823
Total Governmental Activities Net Position	<u>\$ (2,312,981)</u>	<u>(2,314,846)</u>	<u>(1,890,873)</u>	<u>(2,544,616)</u>	<u>(2,658,641)</u>	<u>(2,583,465)</u>	<u>(1,990,887)</u>	<u>(1,796,918)</u>	<u>(2,024,828)</u>	<u>(1,886,766)</u>
	\$ 2,276,873	\$ 2,871,379	\$ 3,625,440	\$ 2,980,331	\$ 4,354,350	\$ 6,479,805	\$ 8,389,445	\$ 10,338,922	\$ 12,321,538	\$ 14,277,405
Business-Type Activities:										
Investment in Capital Assets										
Unrestricted/(Deficit)	\$ 20,416	\$ 8,591	\$ 3,899				\$ 29,380	\$ 29,427	\$ 58,178	\$ 49,272
Total Business-Type Activities Net Position	<u>\$ 1,688</u>	<u>(3,702)</u>	<u>5,691</u>	<u>\$ 8,004</u>	<u>\$ 3,442</u>	<u>\$ 2,981</u>	<u>243</u>	<u>10,480</u>	<u>2,133</u>	<u>3,683</u>
	\$ 22,104	\$ 4,889	\$ 9,590	\$ 8,004	\$ 3,442	\$ 2,981	\$ 29,623	\$ 39,907	\$ 60,311	\$ 52,955
District-Wide:										
Net Investment in Capital Assets										
Restricted	\$ 3,553,778	\$ 3,883,351	\$ 3,810,796	\$ 3,542,317	\$ 4,022,522	\$ 4,682,686	\$ 4,946,316	\$ 5,815,146	\$ 6,668,894	\$ 7,456,620
Unrestricted/(Deficit)	1,056,492	1,311,465	1,709,416	1,982,630	2,990,469	4,380,584	5,463,396	6,350,121	7,735,650	8,756,823
Total District Net Position	<u>\$ (2,311,293)</u>	<u>(2,318,548)</u>	<u>(1,885,182)</u>	<u>(2,536,612)</u>	<u>(2,655,199)</u>	<u>(2,580,484)</u>	<u>(1,990,644)</u>	<u>(1,786,438)</u>	<u>(2,022,695)</u>	<u>(1,883,083)</u>
	\$ 2,298,977	\$ 2,876,268	\$ 3,635,030	\$ 2,988,335	\$ 4,357,792	\$ 6,482,786	\$ 8,419,068	\$ 10,378,829	\$ 12,381,849	\$ 14,330,360

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,751,753	\$ 6,312,295	\$ 7,045,914	\$ 6,549,367	\$ 6,030,871	\$ 5,389,382	\$ 5,961,641	\$ 6,340,840	\$ 6,235,855	\$ 5,951,950
Special Education	916,686	1,205,337	1,317,990	1,343,679	1,383,381	1,128,171	1,119,347	1,120,201	958,112	1,324,472
School-Sponsored/Other Instruction	89,683	84,762	98,615	122,234	96,801	333,048	304,963	110,119	239,202	116,309
Support Services:										
Tuition	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035	375,085	348,315
Student & Instruction Related Services	1,861,931	2,003,160	2,121,192	2,211,466	2,476,396	1,925,112	2,154,932	2,568,962	2,508,498	2,626,482
General Administrative Services	441,942	347,787	361,196	419,805	394,511	445,427	523,991	361,254	466,092	366,355
School Administrative Services	491,406	532,630	531,481	516,622	467,142	538,138	580,809	438,633	498,015	444,577
Central Services	244,826	240,447	259,776	269,513	262,176	389,235	410,513	379,868	371,227	436,304
Administrative Information Technology								871	1,671	2,770
Plant Operations and Maintenance	1,211,672	1,089,433	1,174,984	2,737,757	1,458,203	1,405,620	1,025,181	1,162,089	1,353,164	1,464,355
Pupil Transportation	240,034	276,940	324,340	313,428	213,450	107,389	115,054	178,916	214,522	211,971
Capital Outlay		40,062	153,459	90,542	165,306	33,463	52,184		61,868	28,388.00
Interest on Long-Term Liabilities	160,746	193,975	170,575	145,392	116,642	87,892	59,142	34,275	15,408	
Total Governmental Activities Expenses	12,118,769	13,035,101	14,240,231	15,311,923	13,613,194	12,152,760	12,678,251	13,050,063	13,298,719	13,322,248
Business-Type Activities:										
Food Service	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573	246,165	240,135
Total Business-type Activities Expense	148,408	182,677	173,048	178,574	189,196	130,399	51,829	210,573	246,165	240,135
Total District Expenses	\$ 12,267,177	\$ 13,217,778	\$ 14,413,279	\$ 15,490,497	\$ 13,802,390	\$ 12,283,159	\$ 12,730,080	\$ 13,260,636	\$ 13,544,884	\$ 13,562,383
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 54,165	\$ 16,265	\$ 15,000	\$ 33,260	\$ 61,700	\$ 51,550	\$ 35,633	\$ 113,467	\$ 308,265	\$ 91,100
Student Activities							21,664	57,241	87,198	102,951
Operating Grants and Contributions	2,580,280	3,038,132	3,990,648	3,395,325	3,501,453	2,604,945	2,902,464	2,921,147	2,453,889	2,406,062
Total Governmental Activities Program Revenues	2,634,445	3,054,397	4,005,648	3,428,585	3,563,153	2,656,495	2,959,761	3,091,855	2,849,352	2,600,113
Business-Type Activities:										
Charges for Services:										
Food Service	138,880	158,666	159,386	159,846	169,233	114,337	30,233	26,159	203,661	221,320
Operating Grants and Contributions								188,000		
Total Business-type Activities Program Revenues	138,880	158,666	159,386	159,846	169,233	114,337	30,233	214,159	203,661	221,320
Total District Program Revenues	\$ 2,773,325	\$ 3,213,063	\$ 4,165,034	\$ 3,588,431	\$ 3,732,386	\$ 2,770,832	\$ 2,989,994	\$ 3,306,014	\$ 3,053,013	\$ 2,821,433

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental Activities	\$ (9,484,324)	\$ (9,980,704)	\$ (10,234,583)	\$ (11,883,338)	\$ (10,050,041)	\$ (9,496,265)	\$ (9,718,490)	\$ (9,958,208)	\$ (10,449,367)	\$ (10,722,135)
Business-type Activities	(9,528)	(24,011)	(13,662)	(18,728)	(19,963)	(16,062)	(21,596)	3,586	(42,504)	(18,815)
Total District-wide Net Expense	<u>\$ (9,493,852)</u>	<u>\$ (10,004,715)</u>	<u>\$ (10,248,245)</u>	<u>\$ (11,902,066)</u>	<u>\$ (10,070,004)</u>	<u>\$ (9,512,327)</u>	<u>\$ (9,740,086)</u>	<u>\$ (9,954,622)</u>	<u>\$ (10,491,871)</u>	<u>\$ (10,740,950)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,328,709	\$ 9,691,287	\$ 10,192,738	\$ 10,396,593	\$ 10,603,863	\$ 10,710,570	\$ 10,936,410	\$ 11,155,138	\$ 11,517,375	\$ 11,747,722
Taxes Levied for Debt Service	925,144	830,250	737,485	773,082	744,700	715,048	685,044	652,158	626,170	598,787
Federal and State Aid not Restricted	127,696									
Investment Earnings	1,773	2,101	5,166	5,511	6,267	11,275	11,895	16,681	63,931	98,158
Miscellaneous Income	30,008	58,442	63,255	68,001	75,459	189,754	43,013	90,382	248,331	244,028
Transfers	(5,531)	(6,870)	(10,000)	(4,958)	(6,229)	(4,927)	(48,232)	(6,674)	(23,824)	(10,693)
Total Governmental Activities	<u>\$ 10,407,799</u>	<u>\$ 10,575,210</u>	<u>\$ 10,988,644</u>	<u>\$ 11,238,229</u>	<u>\$ 11,424,060</u>	<u>\$ 11,621,720</u>	<u>\$ 11,628,130</u>	<u>\$ 11,907,685</u>	<u>\$ 12,431,983</u>	<u>\$ 12,678,002</u>
Business-Type Activities:										
Investment Earnings	\$ 7,581	\$ 7,059	\$ 8,363	\$ 12,184	\$ 9,172	10,670	4	\$ 24	\$ 684	\$ 766
Miscellaneous Income	5,531	6,870	10,000	4,958	6,229	4,927	48,232	6,674	23,824	10,693
Transfers	13,112	13,929	18,363	17,142	15,401	15,601	48,238	6,698	24,508	11,459
Total Business-Type Activities	<u>10,420,911</u>	<u>10,589,139</u>	<u>11,007,007</u>	<u>11,255,371</u>	<u>11,439,461</u>	<u>11,637,321</u>	<u>11,676,368</u>	<u>11,914,383</u>	<u>12,456,491</u>	<u>12,689,461</u>
Total District-Wide General Revenue										
Business-Type Activities:										
Other Items:									38,400	
Capital Contribution from General Fund										
Reappraisal Adjustment	(2,250)	(7,133)								
Total Special Items	<u>(2,250)</u>	<u>(7,133)</u>							<u>38,400</u>	
Change in Net Position:										
Governmental Activities	923,475	594,506	754,061	(645,109)	1,374,019	2,125,455	1,909,640	1,949,477	1,982,616	1,955,867
Business-type Activities	1,334	(17,215)	4,701	(1,586)	(4,562)	(461)	26,642	10,284	20,404	(7,356)
Total District	<u>\$ 924,809</u>	<u>\$ 577,291</u>	<u>\$ 758,762</u>	<u>\$ (646,695)</u>	<u>\$ 1,369,457</u>	<u>\$ 2,124,994</u>	<u>\$ 1,936,282</u>	<u>\$ 1,959,761</u>	<u>\$ 2,003,020</u>	<u>\$ 1,948,511</u>

Source: School District Financial Reports

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
June 30,										
General Fund:										
Restricted	\$ 987,127	\$ 1,241,732	\$ 1,709,416	\$ 1,981,046	\$ 2,987,411	\$ 4,333,686	\$ 5,413,180	\$ 6,306,962	\$ 7,691,834	\$ 8,725,041
Assigned	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345	94,594	218,261
Unassigned	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465	324,124	261,070
Total General Fund	\$ 1,320,743	\$ 1,555,421	\$ 2,076,730	\$ 2,367,608	\$ 3,336,656	\$ 4,785,611	\$ 6,452,610	\$ 7,208,772	\$ 8,110,552	\$ 9,204,372
All Other Governmental Funds:										
Restricted	\$ 69,365	\$ 69,733	\$ 1,050	\$ 1,584	\$ 3,058	\$ 46,898	\$ 50,216	\$ 43,159	\$ 43,816	\$ 31,782
Committed, Reported in:										
Capital Projects Fund	82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655		
Total All Other Governmental Funds	\$ 152,020	\$ 152,388	\$ 83,705	\$ 84,239	\$ 85,713	\$ 129,553	\$ 132,871	\$ 125,814	\$ 43,816	\$ 31,782
Governmental Funds:										
Restricted	\$ 1,056,492	\$ 1,311,465	\$ 1,710,466	\$ 1,982,630	\$ 2,990,469	\$ 4,380,584	\$ 5,463,396	\$ 6,350,121	\$ 7,735,650	\$ 8,756,823
Assigned	31,115	19,658	71,765	62,753	58,300	161,121	538,941	342,345	94,594	218,261
Committed	82,655	82,655	82,655	82,655	82,655	82,655	82,655	82,655		
Unassigned	302,501	294,031	295,549	323,809	290,945	290,804	500,489	559,465	324,124	261,070
Total Governmental Funds	\$ 1,472,763	\$ 1,707,809	\$ 2,160,435	\$ 2,451,847	\$ 3,422,369	\$ 4,915,164	\$ 6,585,481	\$ 7,334,586	\$ 8,154,368	\$ 9,236,154

Source: School District Financial Reports

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

	For the Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Tax Levy	\$ 10,253,853	\$ 10,521,537	\$ 10,930,223	\$ 11,169,675	\$ 11,348,563	\$ 11,425,618	\$ 11,621,454	\$ 11,807,296	\$ 12,143,545	\$ 12,346,509
Tuition Charges	54,165	16,265	15,000	33,260	61,700	51,550	35,633	113,467	308,265	91,100
Interest Earnings	1,773	2,101	5,166	5,511	6,267	8,402	8,142	5,354	57,864	96,300
Miscellaneous	30,008	58,863	88,626	77,863	79,383	185,108	75,929	158,950	341,596	348,837
State Sources	1,481,852	1,545,732	1,624,233	1,859,540	1,941,380	1,931,432	2,411,032	3,114,481	3,259,463	3,420,206
Federal Sources	171,879	190,901	101,543	154,201	237,056	182,248	193,602	238,454	294,691	289,370
<b>Total Revenue</b>	<b>11,993,530</b>	<b>12,335,399</b>	<b>12,764,791</b>	<b>13,300,050</b>	<b>13,674,349</b>	<b>13,784,358</b>	<b>14,345,792</b>	<b>15,438,002</b>	<b>16,405,424</b>	<b>16,592,322</b>
<b>Expenditures:</b>										
Instruction										
Regular Instruction	3,558,438	3,402,854	3,461,867	3,635,841	3,274,789	3,322,806	3,574,941	3,924,200	4,061,036	3,824,437
Special Education Instruction	539,080	648,494	634,961	729,483	760,311	679,389	655,410	660,130	635,551	863,356
School-Sponsored/Other Instruction	86,519	83,324	91,520	114,834	96,801	78,168	43,049	84,388	214,259	90,110
Support Services:										
Tuition	708,090	708,273	680,709	592,118	548,315	369,883	370,494	354,035	375,085	348,315
Student & Instruction Related Services	1,180,869	1,218,774	1,193,356	1,214,041	1,324,064	1,479,421	1,421,521	1,614,893	1,670,699	1,768,269
General Administrative Services	363,180	320,775	326,380	370,769	363,978	365,927	428,378	344,000	448,532	310,617
School Administrative Services	402,728	513,695	477,036	407,860	411,265	409,170	439,363	395,565	455,817	375,316
Central Services	637,244	232,780	241,502	254,455	253,079	276,946	266,216	291,908	278,329	320,552
Administrative Information Technology							2,791	687	1,263	1,999
Pupil Transportation	244,992	276,940	324,340	313,428	213,450	107,389	110,948	165,036	199,565	196,842
Plant Operations and Maintenance	207,771	699,059	818,254	910,251	1,001,140	794,541	803,714	1,004,905	1,149,715	1,111,113
Allocated and Unallocated Benefits	2,565,870	3,026,671	2,912,626	3,117,393	3,164,653	3,201,198	3,615,968	4,422,885	4,608,944	4,719,770
Capital Outlay	849,214	131,594	332,764	569,757	541,053	589,169	242,679	766,141	836,673	970,197
Debt Service:										
Principal	640,000	585,000	585,000	575,000	575,000	575,000	575,000	570,000	560,000	555,000
Interest and Other Charges	220,852	245,250	221,850	198,450	169,700	140,950	112,200	83,450	66,350	43,950
<b>Total Expenditures</b>	<b>12,204,847</b>	<b>12,093,483</b>	<b>12,302,165</b>	<b>13,003,680</b>	<b>12,697,598</b>	<b>12,389,957</b>	<b>12,662,672</b>	<b>14,682,223</b>	<b>15,561,818</b>	<b>15,499,843</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(211,317)</b>	<b>241,916</b>	<b>462,626</b>	<b>296,370</b>	<b>976,751</b>	<b>1,394,401</b>	<b>1,683,120</b>	<b>755,779</b>	<b>843,606</b>	<b>1,092,479</b>
<b>Other Financing Sources/(Uses):</b>										
Serial Bonds Issued	\$ 6,075,000									
Bond Premium	656,691									
Serial Bonds Defeased	(6,515,000)									
Bond Issuance Costs	(81,699)									
Deferred Amount on Refunding	(134,992)									
Transfers In	274,366	\$ 368	\$ 682	\$ 902	\$ 1,474	\$ 1,292	\$ 180	\$ 163	\$ 83,901	
Transfers Out	(279,897)	(7,238)	(10,682)	(5,860)	(7,703)	(6,219)	(12,983)	(6,837)	(107,725)	(10,693)
<b>Total Other Financing Sources/(Uses)</b>	<b>(5,531)</b>	<b>(6,870)</b>	<b>(10,000)</b>	<b>(4,958)</b>	<b>(6,229)</b>	<b>(4,927)</b>	<b>(12,803)</b>	<b>(6,674)</b>	<b>(23,824)</b>	<b>(10,693)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (216,848)</b>	<b>\$ 235,046</b>	<b>\$ 452,626</b>	<b>\$ 291,412</b>	<b>\$ 970,522</b>	<b>\$ 1,389,474</b>	<b>\$ 1,670,317</b>	<b>\$ 749,105</b>	<b>\$ 819,782</b>	<b>\$ 1,081,786</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.6%</b>	<b>6.9%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>5.5%</b>	<b>4.7%</b>	<b>4.3%</b>	<b>4.1%</b>

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 1,773	\$ 54,165	\$ 11,933	\$ 11,255	\$ 79,126
2016	1,733	16,265	20,575	37,867	76,440
2017	4,484	15,000	18,974	44,281	82,739
2018	4,609	33,260	16,910	51,091	105,870
2019	5,363	61,700	23,449	52,010	142,522
2020	9,983	51,550	19,875	84,548	165,956
2021	11,715	35,633	11,000	32,013	90,361
2022	5,354	113,467	17,965	38,271	175,057
2023	160,187	308,265	40,285	65,415	574,152
2024	243,221	91,100	10,513	79,211	424,045

Source: Mendham Borough School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2014	\$ 8,207,800	\$ 1,100,795,200	\$ 66,843,500	\$ 400,500	\$ 103,997,100	\$ 2,342,200	\$ 1,282,586,300	\$ 124,763,600	\$ 1,927,735	\$ 1,284,514,035	\$ 0.78	\$ 1,361,837,683
2015	9,745,800	1,097,432,700	69,620,400	403,900	102,337,700	2,342,200	1,281,882,700	124,865,000	1,927,735	1,283,810,435	0.81	1,403,066,919
2016	9,704,800	1,096,676,700	69,686,700	403,900	102,337,700	2,342,200	1,281,152,000	125,425,900	1,954,098	1,283,106,098	0.84	1,370,993,717
2017	9,704,800	1,096,803,000	69,563,800	403,900	101,655,100	2,342,200	1,280,472,800	124,867,500	1,939,588	1,282,412,388	0.87	1,377,174,538
2018	8,769,000	1,098,793,700	69,130,000	351,800	101,575,300	2,342,200	1,280,962,000	125,379,300	2,007,273	1,282,969,973	0.88	1,377,413,257
2019	8,306,100	1,095,646,700	65,860,900	348,400	100,209,700	2,342,200	1,272,714,000	130,379,300	2,123,156	1,274,837,156	0.87	1,363,844,456
2020	8,110,700	1,095,960,000	63,823,500	348,300	98,555,600	2,342,200	1,269,140,300	131,042,600	2,123,156	1,271,263,456	0.91	1,367,265,859
2021	7,036,400	1,088,589,100	63,228,100	548,000	98,368,300	2,342,200	1,260,112,100	131,044,800	2,390,052	1,262,502,152	0.94	1,314,880,091
2022	7,606,900	1,089,356,100	65,850,100	366,400	97,853,700	2,342,200	1,263,375,400	131,226,000	2,333,706	1,265,709,106	0.95	1,371,561,973
2023	7,236,900	1,085,281,700	68,732,900	367,400	96,944,700	2,342,200	1,260,905,800	132,349,600	2,364,724	1,263,270,524	0.79	1,422,680,412

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies<sup>b</sup> Tax rates are per \$100

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

Year Ended December 31,	Mendham Borough School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	West Morris Regional High School	Municipal Open Space	Mendham Borough	Morris County	
2014	\$ 0.65	\$ 0.06	\$ 0.78	\$ 0.45	\$ 0.01	\$ 0.44	\$ 0.27	\$ 1.95
2015	0.75	0.06	0.81	0.53	0.01	0.44	0.27	2.07
2016	0.78	0.06	0.84	0.57	0.01	0.46	0.27	2.15
2017	0.77	0.10	0.87	0.56	0.01	0.47	0.28	2.19
2018	0.78	0.10	0.88	0.58	0.01	0.48	0.28	2.22
2019	0.78	0.09	0.87	0.61	0.01	0.49	0.28	2.26
2020	0.82	0.09	0.91	0.62	0.01	0.50	0.28	2.31
2021	0.85	0.09	0.94	0.62	0.01	0.52	0.28	2.36
2022	0.84	0.08	0.95	0.64	0.01	0.52	0.28	2.39
2023	0.72	0.08	0.79	0.76	0.01	0.54	0.28	2.38

Source: Municipal Tax Collector and School Business Administrator

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

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

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



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

Taxpayer	2023	
	Taxable Assessed Value	% of Total District Net Assessed Value
V-Fee Realty	\$ 22,611,800	1.79%
Shemy LLC	9,347,300	0.74%
Escada LLC	8,564,900	0.68%
Holly Manor	8,558,600	0.68%
Roxiticus Golf Club	8,003,500	0.63%
Individual Taxpayer #1	5,652,500	0.45%
Individual Taxpayer #2	5,201,800	0.41%
Individual Taxpayer #3	5,000,000	0.40%
Individual Taxpayer #4	4,779,200	0.38%
Individual Taxpayer #5	4,396,300	0.35%
Total	<u>\$ 82,115,900</u>	<u>6.50%</u>

Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 10,253,853	\$ 10,253,853	100.00%	\$ -0-
2016	10,521,537	10,521,537	100.00%	-0-
2017	10,930,223	10,930,223	100.00%	-0-
2018	11,169,675	11,169,675	100.00%	-0-
2019	11,348,543	11,348,543	100.00%	-0-
2020	11,425,618	11,425,618	100.00%	-0-
2021	11,621,454	11,621,454	100.00%	-0-
2022	11,807,296	11,807,296	100.00%	-0-
2023	12,143,545	12,143,545	100.00%	-0-
2024	12,346,509	12,324,534	99.82%	21,975

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Total District		
2015	\$ 6,065,000	\$ 6,065,000	1.38%	1,223
2016	5,480,000	5,480,000	1.21%	1,108
2017	4,895,000	4,895,000	1.06%	994
2018	4,320,000	4,320,000	0.91%	882
2019	3,745,000	3,745,000	0.78%	773
2020	3,170,000	3,170,000	0.64%	656
2021	2,595,000	2,595,000	0.48%	522
2022	2,025,000	2,025,000	0.37%	408
2023	1,465,000	1,465,000	0.26%	295
2024	910,000	910,000	0.16%	183

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 6,065,000	-0-	\$ 6,065,000	0.473%	\$ 1,223
2016	5,480,000	-0-	5,480,000	0.427%	1,108
2017	4,895,000	-0-	4,895,000	0.381%	994
2018	4,320,000	-0-	4,320,000	0.337%	882
2019	3,745,000	-0-	3,745,000	0.292%	773
2020	3,170,000	-0-	3,170,000	0.249%	656
2021	2,595,000	-0-	2,595,000	0.204%	522
2022	2,025,000	-0-	2,025,000	0.160%	408
2023	1,465,000	-0-	1,465,000	0.116%	295
2024	910,000	-0-	910,000	0.072%	183

Source: School District Financial Reports

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

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

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

MENDHAM BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2023  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mendham Borough	\$ 1,657,737	100.00%	\$ 1,657,737
West Morris Regional High School District Debt (Borough Share)	2,080,000	15.47%	321,864
Morris County General Obligation Debt (Borough Share)	326,425,422	1.40%	4,562,286
Subtotal, Overlapping Debt			6,541,887
Mendham Borough School District Direct Debt			910,000
Total Direct and Overlapping Debt			<u>\$ 7,451,887</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024

	Equalized Valuation Basis			
	2023	2022	2021	
	\$ 1,536,565,684	1,420,959,847	1,363,610,107	
			<u>\$ 4,321,135,638</u>	
			<u>\$ 1,440,378,546</u>	
Average Equalized Valuation of Taxable Property				
Debt Limit (a) (3% of Average Equalization Value)	\$ 43,211,356			
Net Bonded School Debt	910,000			
Legal Debt Margin	<u>\$ 42,301,356</u>			

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 41,106,402	\$ 41,213,033	\$ 41,403,760	\$ 41,135,089	\$ 41,144,250	\$ 41,075,762	\$ 40,546,879	\$ 40,500,404	\$ 41,042,542	\$ 43,211,356
Total Net Debt Applicable to Limit	6,065,000	5,480,000	4,895,000	4,320,000	3,745,000	3,170,000	2,595,000	2,025,000	1,465,000	910,000
Legal Debt Margin	<u>\$ 35,041,402</u>	<u>\$ 35,733,033</u>	<u>\$ 36,508,760</u>	<u>\$ 36,815,089</u>	<u>\$ 37,399,250</u>	<u>\$ 37,905,762</u>	<u>\$ 37,951,879</u>	<u>\$ 38,475,404</u>	<u>\$ 39,577,542</u>	<u>\$ 42,301,356</u>
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	14.75%	13.30%	11.82%	10.50%	9.10%	7.72%	6.40%	5.00%	3.57%	2.11%

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

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

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

Year	Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Total County Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2015	\$ 4,961	\$ 88,298	\$ 438,046,378	3.70%
2016	4,945	91,252	451,241,140	3.80%
2017	4,924	93,544	460,610,656	3.70%
2018	4,900	97,244	476,495,600	3.60%
2019	4,845	99,140	480,333,300	3.00%
2020	4,836	102,227	494,369,772	6.20%
2021	4,973	107,767	535,925,291	4.80%
2022	4,958	111,597	553,297,926	3.00%
2023	4,970	111,597 *	554,637,090 ***	3.90%
2024	4,970 **	111,597 *	554,637,090 ***	N/A

\* - Latest Morris County per capita personal income available (2022) was used for calculation purposes.

\*\* - Latest population data available (2023) was used for calculation purposes.

\*\*\* - Latest County Personal Income data available (2022) and latest population data available (2023) was used for calculation purposes.

N/A - Information unavailable.

Source:

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

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

2023			2014		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,552	3.93%	U.S. Army Armament R&D	5,841	2.13%
Novartis	6,500	2.42%	Novartis	5,035	1.84%
Picatinny Arsenal	6,000	2.23%	Atlantic Health System	4,463	1.63%
Barclays	3,374	1.26%	ADP	2,060	0.75%
ADP	2,400	0.89%	Bayer Healthcare, LLC	1,900	0.69%
Accenture	2,344	0.87%	County of Morris	1,674	0.61%
Pricewaterhouse Coopers	2,095	0.78%	Wyndham Worldwide Corporation	1,653	0.60%
Cigna	1,686	0.63%	Saint Clare's Health	1,642	0.60%
Deloitte & Touche	1,646	0.61%	BASF Corporation	1,500	0.55%
Saint Clare's Health	1,473	0.55%	Accenture	1,480	0.54%
Total	38,070	15.10%	Total	27,248	10.86%
Total County Labor Force	252,145		Total County Labor Force	250,919	

Source: Morris County Treasurer's Office



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

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction:										
Regular	46.00	46.00	46.00	46.00	47.00	50.00	42.68	47.50	43.50	45.00
Special Education	10.50	10.50	10.50	10.50	13.00	18.00	17.50	18.00	20.00	21.40
Support Services:										
Student & Instruction Related Services	13.00	13.00	13.00	13.00	13.00	10.00	8.71	8.50	11.00	9.50
School Administrative Services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
General and Business Administrative Services	4.00	4.20	4.20	4.20	4.00	5.00	5.00	5.00	4.00	4.50
Plant Operations and Maintenance	7.50	7.50	7.50	7.50	7.00	7.00	8.00	7.00	7.00	8.00
Total	85.00	85.20	85.20	85.20	88.00	94.00	85.89	90.00	89.50	92.40

Source: District Personnel Records

MENDHAM BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2015	599	\$ 10,494,781	\$ 17,521	6.24%	56.50	1:11	1:10		596	572	-1.81%	95.97%
2016	568	11,131,639	19,598	11.86%	56.50	1:11	1:10		569	547	-4.53%	96.13%
2017	538	11,162,551	20,748	5.87%	56.50	1:11	1:10		538	503	-5.45%	93.49%
2018	525	11,660,473	22,210	7.05%	56.50	1:10	1:10		525	507	-2.42%	96.57%
2019	541	11,411,845	21,094	-5.03%	60.00	1:10	1:10		541	520	3.05%	96.12%
2020	504	11,084,838	21,994	4.27%	68.00	1:10	1:08		498	485	-7.95%	97.39%
2021	483	11,732,793	24,291	10.45%	66.00	1:10	1:12		482	473	-3.21%	98.13%
2022	480	13,262,632	27,630	13.75%	66.00	1:11	1:12		479	472	-0.62%	98.54%
2023	488	14,098,795	28,891	4.56%	64.00	1:11	1:12		487	466	1.67%	95.69%
2024	488	13,930,696	28,547	-1.19%	62.00	1:11	1:12		475	456	-2.46%	96.00%

Sources: Mendham Borough School District records

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).<sup>d</sup> The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

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

<u>District Building</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Hilltop School										
Square Feet	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790	59,790
Capacity (students)	428	428	428	428	428	428	428	428	428	428
Enrollment	307	278	272	264	280	259	259	251	276	270
Mountain View School										
Square Feet	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280	55,280
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	292	290	258	255	261	245	245	229	212	218

Number of Schools at June 30, 2024

Elementary = 1

Middle School = 1

Source: Mendham Borough School District Facilities Office

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Hilltop School</u>	<u>Mountain View School</u>	<u>Total</u>
2015	\$ 66,349	\$ 85,769	\$ 152,118
2016	70,540	91,197	161,737
2017	114,088	147,481	261,569
2018	148,278	191,678	339,956
2019	139,533	180,375	319,908
2020	86,034	118,137	204,171
2021	73,573	67,772	141,345
2022	124,719	96,479	221,198
2023	170,305	131,744	302,049
2024	134,387	103,958	238,345

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

Source: Mendham Borough School District records

MENDHAM BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2024  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Insurance Group (NJSIG)		
School Package Policy- Building, Contents, Property Boiler, Inland Marine, EDP Coverages	\$34,098,868	\$5,000
EDP Coverages	900,000	5,000
Flood Limit	75,000,000	10,000
Earthquake	50,000,000	10,000
General Liability including Auto, Employee Benefits, Abuse Liability	11,000,000	Various
Product/Completed Ops Personal Injury	11,000,000	
Auto Physical Damage	Included	1,000
	1,000,000/11,000,000	
Environmental Impairment Liability	Agg.	Various
Crisis Management - various coverages	1,000,000	
Cyber Liability -various coverages	2,000,000	25,000
Terrorism	100,000,000	
	5,000,000/10,000,000	
Demolition & Rebuild Coverage	Agg.	25% of the rebuild
<b>Crime Coverage:</b>		
Faithful Performance	1,000,000	1,000
Forgery & Alteration	500,000	1,000
Money and Securities	100,000	500
Money Orders/Counterfeit	100,000	500
Computer Fraud	1,000,000	1,000
School Board Legal Liability	11,000,000	5,000
Workers Compensation	Statutory	None
Workers Compensation Supplemental Indemnity	Included	7 days
Bonds for Business Administrator		
Selective Insurance	200,000	None
Bond for Treasurer		
Selective Insurance	200,000	None
Student Accident - Voluntary Coverage only		
Guaranteed Trust Life	25,000	None

Source: Mendham Borough School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mendham Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 17, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Honorable President and Members  
of the Board of Education  
Mendham Borough School District  
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### **Report on Compliance and Other Matters**

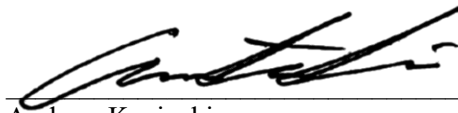
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 17, 2024  
Mount Arlington, NJ

NISIVOCIA LLP



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Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant



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

**Independent Auditors' Report**

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

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

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

We have audited the Mendham Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2024. 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, 2024.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

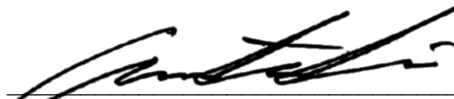
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

September 17, 2024  
Mount Arlington, New Jersey

NISIVOCIA LLP



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Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023			Budgetary Expenditures	Balance at June 30, 2024		Amount Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Due to Grantor	(Accounts Receivable)	
U.S. Department of Education: Passed-through State Department of Education: Elementary and Secondary Education Act:											
Title II - Part A	84.367	ESEA-3090-24	7/1/23-9/30/24	\$ 6,414			\$ 5,147	\$ (6,161)		\$ (1,014)	
Title II - Part A	84.367	ESEA-3090-23	7/1/22-9/30/23	16,715	\$ (5,803)		5,803				
Subtotal Title II - Part A					(5,803)		10,950	(6,161)		(1,014)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-3090-24	7/1/23-9/30/24	123,897			96,362	(99,112)		(2,750)	
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-24	7/1/23-9/30/24	6,125			6,125	(6,125)			
I.D.E.A. Part B, Preschool	84.173	IDEA-3090-23	7/1/22-9/30/23	6,089	(6,089)		6,089				
Total Special Education Cluster					(6,089)		108,576	(105,237)		(2,750)	
Education Stabilization Fund:											
COVID-19 - ARP - ESSER III	84.425D	S425U210027	3/13/20-9/30/24	111,207	(7,500)		110,746	(103,707)		(461)	
COVID-19 - ARP - Accelerated Learning											
Coaching and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000	(450)		3,770	(3,320)			
COVID-19 - ARP - Evidence-Based Summer											
Learning and Enrichment Activities	84.425U	S425U210027	3/13/20-9/30/24	40,000	(22,838)		32,769	(9,931)			
COVID-19 - ARP - Evidence-Based Comprehensive											
Beyond the School Day Activities	84.425U	S425U210027	3/13/20-9/30/24	40,000	(1,625)		25,672	(24,787)		(740)	
COVID-19 - ARP - NJTSS Mental Health											
Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	(2,400)		11,044	(14,981)		(6,337)	
COVID 19 - High Impact Tutoring	84.425C	E2400371	10/11/23-8/31/24	17,870	(34,813)		16,200	(16,200)		(7,538)	
Total Educational Stabilization Fund					(46,705)		200,201	(172,926)			
Total U.S. Department of Education					(46,705)		319,727	(284,324)		(11,302)	
Total Special Revenue Fund					(46,705)		319,727	(284,324)		(11,302)	
Total Federal Financial Awards					(46,705)	\$ -0-	\$ 319,727	\$ (284,324)	\$ -0-	\$ (11,302)	\$ -0-

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

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023		Balance June 30, 2024		Memo	
				Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	GAAP Unearned Revenue/ (Accounts Receivable)	Budgetary Unearned Revenue/ (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:									
General Fund State Aid:									
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 411,369	\$ (31,448)	\$ 31,448				\$ 411,369
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	35,667	(2,727)	2,727				35,667
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	47,259	(3,613)	3,613				47,259
Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	11,232	(11,232)	11,232				11,232
Extraordinary Special Education Costs	23-100-034-5120-044	7/1/22-6/30/23	100,680	(100,680)	100,680				100,680
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	396,462	(19,858)	19,858				396,462
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	1,796,554		1,796,554	\$ (1,796,554)			1,796,554
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	494,533		494,533	(494,533)			494,533
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	20,489		20,489	(20,489)			20,489
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	978		978	(978)			978
Categorical Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	487,951		449,107	(487,951)	\$ (38,844)		487,951
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	35,667		32,828	(35,667)	(2,839)		35,667
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	47,259		43,496	(47,259)	(3,763)		47,259
Nonpublic Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	10,920			(10,920)	(10,920)		10,920
Extraordinary Special Education Costs	24-100-034-5120-044	7/1/23-6/30/24	45,596			(45,596)	(45,596)		45,596
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23-6/30/24	393,188		374,378	(393,188)	(18,810)		393,188
Subtotal General Fund				(169,558)	3,381,921	(3,333,135)	(75,326)	(120,772)	4,335,804
Special Revenue Fund Aid:									
Local Recreation Improvement Grant	23-495-022-8030-668	7/1/22-6/30/24	75,000		75,000	(75,000) *			75,000
School Development Authority:									
Emergent and Capital Maintenance Needs	N/A	7/1/23-6/30/25	10,800		10,800	(10,500)	300	300	10,500
Emergent and Capital Maintenance Needs	N/A	7/1/22-6/30/25	10,682		10,682		10,682	10,682	
Emergent and Capital Maintenance Needs	N/A	7/1/21-6/30/24	11,710		9,229	(9,229)			11,710
Subtotal Special Revenue Fund				9,229	96,482	(94,729)	10,982	10,982	103,866
Total State Department of Education				(160,329)	3,478,403	(3,427,864)	(64,344)	(109,790)	4,439,670
Total State Financial Awards				\$ (160,329)	\$ 3,478,403	\$ (3,427,864)	\$ (64,344)	\$ (109,790)	\$ 4,443,901
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	\$ 494,533			\$ 494,533			
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	1,796,554			1,796,554			
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	20,489			20,489			
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	978			978			
Subtotal - On-Behalf TPAF Pension System Contributions						2,312,554			
Total State Awards Subject to Single Audit Major Program Determination				\$ (1,115,310)		\$ (1,115,310)			
N/A - Not available									
* - Expended in a prior year									

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

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Mendham Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules are presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,658) for the general fund and \$4,389 (of which \$657 relates to local grants) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,325,477	\$ 3,325,477
Special Revenue Fund	\$ 289,370	94,729	384,099
Total	<u>\$ 289,370</u>	<u>\$ 3,420,206</u>	<u>\$ 3,709,576</u>

MENDHAM BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(Continued)

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

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024.

MENDHAM BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

## 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, 2024 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
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Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 487,951	\$ 487,951
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	35,667	35,667

Dollar threshold used to distinguish between Type A and B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes	_____ X	No
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MENDHAM BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

There were no prior year findings.