

BOROUGH  
OF  
MENDHAM

Borough of Mendham  
County of Morris  
Mendham, New Jersey

Annual Comprehensive Financial Report  
For the Year Ended December 31, 2023

Annual Comprehensive  
Financial Report

of the

**BOROUGH OF MENDHAM**

**Mendham, New Jersey**

YEAR ENDED DECEMBER 31, 2023

Prepared by

Borough of Mendham  
Finance Department

BOROUGH OF MENDHAM  
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**INTRODUCTORY SECTION**  
**(Unaudited)**



The Phoenix House circa 1820

*The Borough of Mendham*  
 2 West Main Street, Mendham, New Jersey 07945  
 Incorporated May 15, 1906

Telephone: 973-543-7152  
 Fax: 973-543-7202

June 12, 2024

The Honorable Mayor and Members  
 of the Borough Council  
 Borough of Mendham  
 County of Morris, New Jersey

The Annual Comprehensive Financial Report of the Borough of Mendham for the year ended December 31, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Borough of Mendham. 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 financial position and results of operations of the various funds and account group of the Borough. All disclosures necessary to enable the reader to gain an understanding of the Borough'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 Borough's organizational chart and a roster of officials. The financial section includes the financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The Borough may be required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 auditor's report on the internal control system and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report. The Borough was not subject to the requirements of the Single Audit Act as federal and state award expenditures were each below the respective thresholds.

**REPORTING ENTITY AND ITS SERVICES:** The Borough of Mendham is an independent reporting entity within the criteria adopted by the Division of Local Government Services, State of New Jersey. All funds and account groups of the Borough are included in this report. The Borough of Mendham constitutes the Borough's reporting entity.

Mendham Borough is in scenic southern Morris County, adjacent to Bernardsville and Mendham Township. Morristown is 7 miles east and New York City is 40 miles east. State Route 24 and several county roads service the community. Interstate 287 is three miles southeast, Interstate 78 is nine miles south, and Interstate 80 is eight miles north.

The 2023 population is an estimated 4,958 in an area of six square miles. Of 1,500 housing units, 300 are townhouse units predominantly single family, owner-occupied residences. Rental property is a very small portion of Borough housing which includes 40 senior citizen rental units. The range of assessed value of homes is \$274,100 to \$8,564,900 with a median value of \$575,300. In accordance with the Master Plan, current zoning consists of 1/4, 1/2, 1, 3 and 5 acre residential zones, business, limited business, and historic business districts. The water supply is available to the entire community from a private company, and 80% of the population in the denser zoned areas are sewered.

Other community services include six churches, a public library, a municipal ice skating area, athletic fields, tennis courts, picnic area, outdoor basketball courts, a senior citizen center, fire department, first aid squad, police force, a medical building, and a professional plaza. Most of the daily consumer goods and services are available in a shopping center which grosses an estimated \$20,000,000 annually, with other shops being located in the center of town. The municipality is served by the Peapack-Gladstone Bank, Provident Bank, Wells Fargo Bank, and Lakeland Bank.

While some residents work in local businesses, the Borough of Mendham is primarily a commuter community served by railroad from Morristown and Bernardsville, and express buses into Manhattan on a daily basis. While many large companies are located in this general area, Mendham remains a bedroom community. Many residents are professionals employed nearby at Atlantic Health Systems, Alcatel Lucent, Honeywell, Novartis, Verizon and AT&T.

LOCAL SCHOOL DISTRICT: About 522 students are enrolled at the two elementary schools (K-4 and Grades 5-8). The Mendham Borough School District is committed to education of the highest quality and the continuous improvement of programs and instruction. This is accomplished through individual and group instruction, guidance services, programs for the gifted and talented, and through utilization of up-to-date educational technology in classrooms and computer labs. Also, included in the curriculum are related arts (K-8) and a well-rounded co-curricular program. In addition, specialized services are provided to students in need. A positive working and learning environment is fostered by securing the cooperation of parents and community groups. Teachers of the highest quality are recruited and opportunities are provided for teaching staff members, students, and parents to make recommendations concerning the operation of the schools. Borough students continue to score above the state and national averages on the California Test of Basic Skills.

REGIONAL HIGH SCHOOL DISTRICT: Students in Grades 9-12 attend the West Morris Mendham High School, which is part of the West Morris Regional High School District. The West Morris Regional High School District continues to rank high on state and national tests, with students scoring well above the state and nation in S.A.T. scores. Over 95% of its students continue their formal education at two- or four-year colleges. Each of its two high schools has been accredited by the New Jersey State Department of Education, the Gilder Lehrman Institute of American History, and the International Baccalaureate Program. In addition, the District has been recognized by the national firm, School Match, as being in the top nine percent of the nation's schools in meeting parents' needs.

Through the years both District high schools have expanded/upgraded to meet the changing academic and technical needs of growing student populations and NJ State graduation requirements. A major renovation and expansion program completed in 2008 allows the District to continue fulfilling its mission.

UTILITIES: Water is supplied by a private company, New Jersey American Water Company. The water supply is adequate and is supplied by a half-million gallon commitment from the Morris County Municipal Utilities Authority and other sources. Sewer service is a municipal utility and operated on a self-supporting basis. Treatment is supplied by a modern activated sludge treatment plant of .450 million gallons per day permitted capacity, constructed in 1965. Gas is supplied by Public Service Electric & Gas Company under the jurisdiction of the State Board of Public Utilities. Electricity is supplied by Jersey Central Power & Light also under the jurisdiction of the Board of Public Utilities.

ECONOMIC CONDITION AND OUTLOOK: Mendham Borough has a population of about 4,958. It extends 6.7 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.

MAJOR INITIATIVES:

- **Human Resources**
  - Completed updates on Personnel Manual
  - Cybersecurity training complete
- **Construction Department**
  - Restructured the construction department and hired a full time Construction Official and Code Enforcement Officer to create better operational efficiency and provide improved service
- **Health and Human Services**
  - Board of Health contract with Bernards Township renewed for 3 years
  - Renewed 3 year agreement for shared services of Animal Control
  - 409 dog and cat licenses were issued
- **Police Department**
  - Added new F-150 Responder to the fleet
- **Fire Department**
  - Ordered a new Fire truck
- **DPW**
  - Paved 11,000 LF of road
  - Used 10.9T of asphalt
  - Recycled 1,410 T of material
- **Information Technology**
  - Pet licenses are fully online
  - 2023 Tax Assessment List is available to residents online
  - Electronic records are being converted
  - Muni-pay for applications and permits now online due to SDL conversion completion
  - Installed a new server
  - Tax collection and Sewer and Finance are all integrated online through the Edmunds/MSI merger
  - Website
- **Historic Preservation**
  - Phoenix House is under major reconstruction
  - Carey Barn Restoration and Field Development is underway
  - Mendham Borough has joined with the Township to become a certified Community Wildlife Habitat through the National Wildlife Federation and the NJ Audubon
  - Mendham is a Tree City USA Community
- **Facilities**
  - New Infield Groomer acquired
  - Sound system for Garabrant Senior Center
  - DPW storage facility is complete and in use
  - MASH sidewalks were repaired
- **Roads**
  - Florie Farm was paved with NJDOT LAG grant
  - Mountainside, Bowers, Hoffman, Franklin, Drake, Babbit and Leddell were paved
- **Water Reclamation Facility**
  - Received Association of Environmental Authorities Wave Award for Forward Thinking
  - New Chemical Feed Skid System
  - 31,700 LF of sewer repairs completed
  - Pump station at Cosma Lake was installed
- **Finance**
  - Grant Fund created for better transparency tracking grant funds
  - Remote deposit re-established to improve efficiency
  - Using both Provident Bank and Peapack Gladstone bank to maximize interest rates on deposits
  - Tax Bill redesigned and includes QR code for direct on-line payment



**INTERNAL ACCOUNTING CONTROLS:** Management of the Borough is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Borough 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 the Annual Comprehensive Financial Report as required by state statute and regulation. 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 and state assistance, the Borough 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 Borough management.

**BUDGETARY CONTROLS:** In addition to internal accounting controls, the Borough maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the governing body of the municipality. An annual appropriated budget is adopted for the current fund and the sewer utility operating fund. Project-length budgets are approved for the capital improvements accounted for in the general and sewer utility capital funds. The original and final budget amount as amended for the 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 considered part of the statutory appropriation reserve balance on the Borough's balance sheet.

**ACCOUNTING SYSTEM AND REPORTS:** The Borough's accounting records reflect regulatory basis of accounting as required by state statute and regulation. The accounting system of the Borough is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**DEBT ADMINISTRATION:** At December 31, 2023, the Borough has temporary debt of \$730,497 in the form of bond anticipation notes. The Borough also has \$2,308,222 in a permanent loan and \$343,993 in a temporary loan from the NJ I-Bank Program. In addition, the Borough has unissued capital debt of \$4,855,666, including \$3,897,785 in the Sewer Capital Fund, some of which the Borough plans to be issued as bond anticipation notes or to be funded through annual budget appropriations.

**CASH MANAGEMENT:** The investment policy of the Borough is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Borough 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.

**RISK MANAGEMENT:** The Borough 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. The Borough obtains the bulk of their insurance coverage through their participation in a risk-sharing public entity risk pool, the Morris County Municipal Joint Insurance Fund. This Fund is described in more detail in Note 9 "Risk Management" to the financial statements.

**FINANCIAL INFORMATION AT YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the Borough continues to meet its responsibility for sound financial management. The following schedule presents a summary of the current fund and sewer utility operating fund revenue for the year ended December 31, 2023, and the amount and percentage of increases or decreases in relation to prior year revenue.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Fund Balance Anticipated	\$ 1,666,146	4.37%	\$ (496,988)	-22.98%
Sewer Rents	1,541,873	4.05%	(98,027)	-5.98%
Miscellaneous Revenue	1,767,374	4.64%	572,040	47.86%
Receipts from Delinquent Taxes	77,570	0.20%	(35,164)	-31.19%
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>7,326,881</u>	<u>19.24%</u>	<u>168,588</u>	2.36%
Municipal Budget Totals-Revenue	12,379,844	32.51%	110,449	0.90%
Nonbudget Revenue	405,482	1.06%	(281,156)	-40.95%
Other Credits to Income	1,025,421	2.69%	299,024	41.17%
Taxes Allocated to Schools, County and Open Space Trust	<u>24,272,649</u>	<u>63.74%</u>	<u>615,159</u>	2.60%
Total	<u>\$ 38,083,396</u>	<u>100.00%</u>	<u>\$ 743,476</u>	1.99%

Generally, the revenue of the Borough has remained relatively stable with minor changes reflecting program or project changes to maintain service levels while keeping the cost to provide those services at a consistent rate. Fund Balance anticipated decreased reflecting the Borough's conservative approach in anticipating fund balance and the Borough's attempt to stabilize and improve their fund balance position, while establishing and maintaining reserves and the Borough's strong financial position. The increase in budgeted revenue is primarily attributable to an increase in the Borough's collection of taxes. The decrease in revenue is primarily attributable to a decrease in miscellaneous revenue not anticipated. The increase in taxes allocated to schools, county and open space trust reflect increases in the required collections of property taxes, which are remitted to those entities.

The following schedule presents a summary of current fund and utility operating funds expenditures for the year ended December 31, 2023 and the percentage of increases or decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
General Government	\$ 3,144,502	8.81%	\$ 242,346	8.35%
Public Safety	2,627,254	7.36%	(160,879)	-5.77%
Streets and Roads	1,072,757	3.01%	(69,872)	-6.12%
Health and Welfare	113,912	0.32%	13,412	13.35%
Recreation and Education	98,845	0.28%	(78,105)	-44.14%
Deferred Charges and Statutory Expenditures	1,052,709	2.95%	18,876	1.83%
Utility Operating	1,619,731	4.54%	69,155	4.46%
Capital	609,000	1.71%	(207,336)	-25.40%
Debt Service:				
Principal	80,759	0.23%	759	0.95%
Interest	22,310	0.06%	17,303	345.58%
Reserve for Uncollected Taxes	<u>745,705</u>	<u>2.09%</u>		0.00%
Municipal Budget Totals-Expenditures	11,187,484	31.36%	(154,341)	-1.36%
County Taxes	3,622,053	10.15%	106,648	3.03%
Local and Regional School Taxes	20,540,675	57.57%	508,238	2.54%
Municipal Open Space Taxes	109,921	0.31%	273	0.25%
Other Expenditures	<u>217,478</u>	<u>0.61%</u>	<u>214,868</u>	8232.49%
Total	<u>\$ 35,677,611</u>	<u>100.00%</u>	<u>\$ 675,686</u>	1.93%

The primary reason for the increase in expenditures was the increase in school taxes and reserve for tax appeals.

**OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, RMAs, was selected by the Borough Council. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, the Uniform Guidance and New Jersey's OMB Circular 15-08. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

**ACKNOWLEDGMENTS:** We would like to express our appreciation to the Mayor and Members of the Borough Council for their concern in providing fiscal accountability to the citizens and taxpayers of the Borough and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

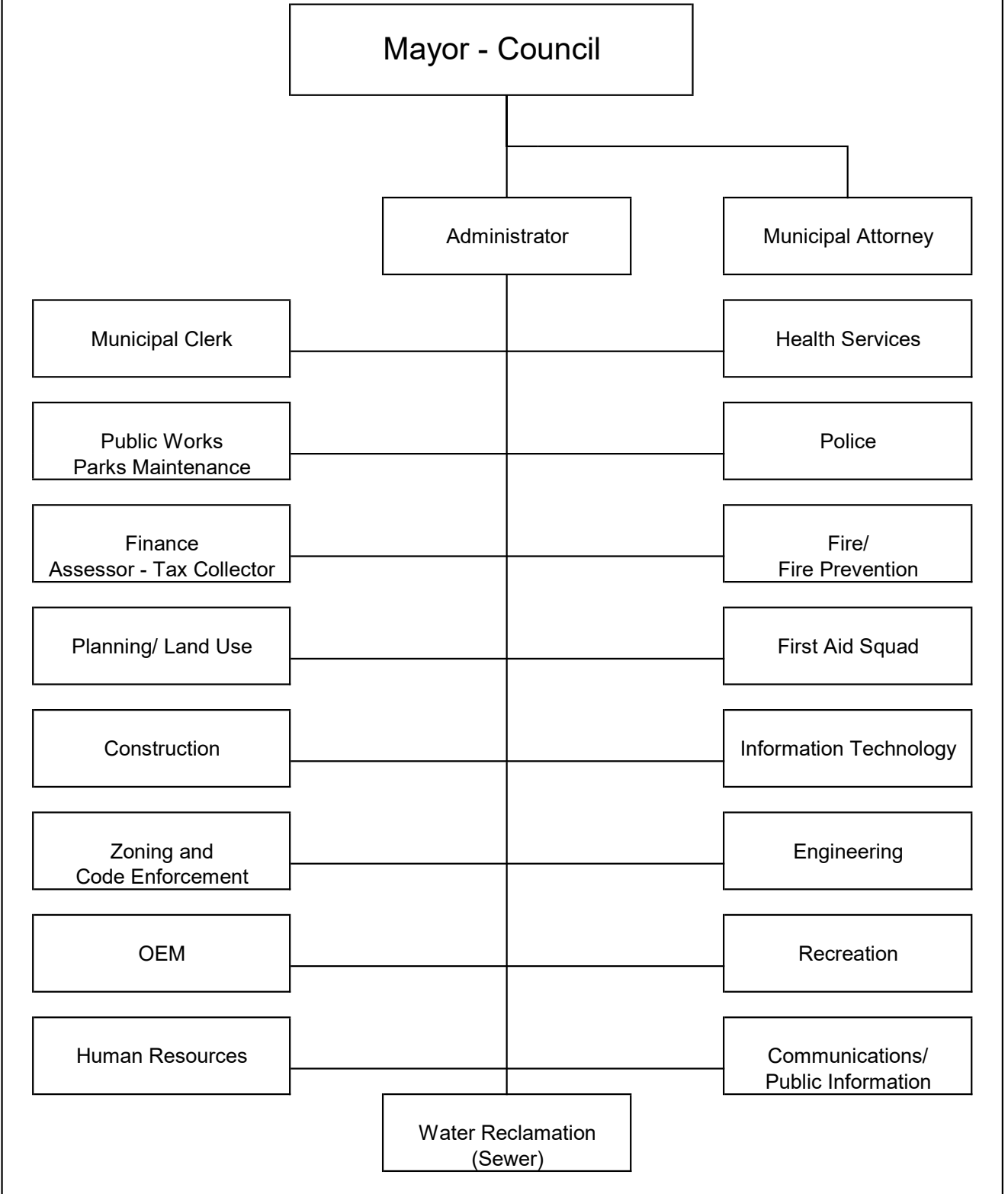
*Joyce Bushman*

Joyce Bushman  
Borough Administrator

*Erick Mesias*

Erick Mesias  
Chief Financial Officer

**BOROUGH OF MENDHAM**  
ORGANIZATIONAL CHART



BOROUGH OF MENDHAM  
ROSTER OF OFFICIALS

Elected Officials

Mayor	Christine Serrano-Glassner
Council President	Brennan Reilly
Council Member	Steven Andrew
Council Member	John Andrews
Council Member	J. Bradley Badal (to 7/13/2023)
Council Member	Marilyn Althoff (from 7/13/2023)
Council Member	James R. Kelly
Council Member	Neil Sullivan

Appointed Officials

Administrator	Joyce Bushman
Municipal Clerk	Carolynn Budd (to 10/10/2023)
Deputy Public Utilities Clerk/Deputy Tax Collector/ Acting Municipal Clerk	Lauren McBride (from 10/11/2023)
Tax Collector/Tax Search Officer/ Deputy Public Utilities Clerk	Thomas Hespe (to 4/11/2023)
Tax Collector/Tax Search Officer/ Public Utilities Clerk	Liz Holtz (from 4/12/2023)
Treasurer/Chief Financial Officer	Erick Mesias
Tax Assessor	Scott J. Holzhauer
Magistrate	Frank P. Leanza
Court Administrator/Violations Clerk	Jan Simonetti
Building Inspector/Construction Code Official	Robert Rosendale

BOROUGH OF MENDHAM  
Consultants and Advisors

AUDIT FIRM  
Nisivoccia LLP, CPA's  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856

ATTORNEY  
Dorsey & Semrau LLC  
714 Main Street  
Boonton, New Jersey 07005

BOND COUNSEL  
Hawkins, Delafield & Wood, LLP  
One Gateway Center  
Newark, NJ 07102

OFFICIAL DEPOSITORIES  
Peapack-Gladstone Bank  
Wells Fargo Bank  
Bank of America  
Provident Bank

**FINANCIAL SECTION**

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Mendham  
Mendham, New Jersey

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

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Mendham, in the County of Morris (the "Borough") as of and for the year ended December 31, 2023 and the related notes to the financial statements, as listed in the table of contents.

#### *Unmodified Opinions on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Borough as of December 31, 2023 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the year then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2023 or the changes in financial position or where applicable, cash flows thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division 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 Borough, 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.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.



The Honorable Mayor and Members  
of the Borough Council  
Borough of Mendham  
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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible 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.

### ***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 Division 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 Division, 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 Borough’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 Borough’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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Mendham  
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### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The combining and individual fund and account group statements and schedules listed in the table of contents 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* ("Uniform Guidance") 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 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 various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund and account group statements and schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group 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 financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 June 12, 2024 on our consideration of the Borough'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 Borough'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 the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 12, 2024

NISIVOCIA LLP

*Francis Jones of Nisiroccia LLP*

Francis Jones  
Certified Public Accountant  
Registered Municipal Accountant No. 442

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**The general purpose financial statements provide a financial overview of the Borough's operations. These financial statements present the financial position and operating results of all funds and account groups.**

**BOROUGH OF MENDHAM**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS-REGULATORY BASIS**  
**DECEMBER 31, 2023**  
 (With Comparative Totals for 2022)

ASSETS AND OTHER DEBITS:	Current Fund	General Capital Fund	Trust Fund	Utility Funds		Account Group General Fixed Assets	Totals (Memorandum Only)
				Operating	Capital		2023      2022
Assets:							
Cash and Cash Equivalents	\$ 6,218,651	\$ 732,351	\$ 1,230,254	\$ 1,028,553	\$ 361,422		\$ 9,571,231      \$ 9,113,402
Investments	369,957						369,957      440,756
Receivables and Other Assets:							
Property Taxes Receivable	216,853			199,845			216,853      77,570
Consumer Accounts Receivable		633,130		978			199,845      90,515
Federal and State Receivables	81,268						715,376      105,221
Interfund Receivables	39,830		39,166	3,288			435,858      735,193
Other Receivables	64,551						298,620      107,491
Property Acquired for Taxes at Assessed Valuation	2,900						2,900      2,900
Fixed Assets in General Fixed Assets Account Group						\$ 11,401,174	11,401,174      11,841,781
<b>Total Assets</b>	<b>6,994,010</b>	<b>1,953,124</b>	<b>1,269,420</b>	<b>1,232,664</b>	<b>361,422</b>	<b>11,401,174</b>	<b>23,211,814</b> <b>22,514,829</b>
Other Debits:							
Deferred Charges:							
Deferred Charges to Future Taxation		1,688,378			21,927,077		1,688,378      919,137
Fixed Capital							21,927,077      20,287,077
<b>Total Other Debits</b>		<b>1,688,378</b>			<b>21,927,077</b>		<b>23,615,455</b> <b>21,206,214</b>
<b>Total Assets and Other Debits</b>	<b>\$ 6,994,010</b>	<b>\$ 3,641,502</b>	<b>\$ 1,269,420</b>	<b>\$ 1,232,664</b>	<b>\$ 22,288,499</b>	<b>\$ 11,401,174</b>	<b>\$ 46,827,269</b> <b>\$ 43,721,043</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>							
Appropriation Reserves	\$ 1,086,103			\$ 364,146			\$ 1,450,249      \$ 1,588,714
Improvement Authorizations		\$ 2,641,844			\$ 4,068,711		6,710,555      4,352,125
Payroll Deductions And Withholdings			\$ 9,308				9,308      9,308
Accounts Payable - Vendors	286,866			57,564			360,445      251,656
Interfund Payables	394,488				3,288		435,858      735,193
Reserves for Amortization							15,377,077      15,212,077
Various Liabilities and Reserves	1,482,279			14,615			14,423,389      14,781,545
Serial Bonds, Bond Anticipation Notes and Loans Payable							3,382,712      3,103,084
Reserve for Receivables and Other Assets	330,953			200,823			531,776      281,086
Fund Balance	3,413,321			595,516			4,145,900      3,406,255
<b>Total Liabilities, Reserves and Fund Balances</b>	<b>\$ 6,994,010</b>	<b>\$ 3,641,502</b>	<b>\$ 1,269,420</b>	<b>\$ 1,232,664</b>	<b>\$ 22,288,499</b>	<b>\$ 11,401,174</b>	<b>\$ 46,827,269</b> <b>\$ 43,721,043</b>

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

BOROUGH OF MENDHAM  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CURRENT AND UTILITY OPERATING FUNDS-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Current Fund			Utility Operating Fund		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES:</b>						
Fund Balance Anticipated	\$ 1,460,000	\$ 1,460,000		\$ 206,146	\$ 206,146	
Sewer Rents				1,630,994	1,541,873	\$ (89,121)
Miscellaneous Revenue	1,085,400	1,700,899	\$ 615,499	19,000	66,475	47,475
Receipts from Delinquent Taxes	55,000	77,570	22,570			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	6,731,875	7,326,881	595,006			
Municipal Budget Totals - Revenue	9,332,275	10,565,350	1,233,075	1,856,140	1,814,494	(41,646)
Non-budget Revenues		405,482	405,482			
Other Credits to Income		706,778	706,778		318,643	318,643
Taxes Allocated to Schools, County and Open Space	24,272,649	24,272,649				
<b>TOTAL REVENUES</b>	<b>33,604,924</b>	<b>35,950,259</b>	<b>2,345,335</b>	<b>1,856,140</b>	<b>2,133,137</b>	<b>276,997</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	3,144,502	3,144,502				
Public Safety	2,627,254	2,627,254				
Streets and Roads	1,072,757	1,072,757				
Health and Welfare	113,912	113,912				
Recreation and Education	98,845	98,845				
Deferred Charges and Statutory Expenditures	981,300	981,300		71,409	71,409	
Utility Operating				1,619,731	1,619,731	
Capital	444,000	444,000		165,000	165,000	
Debt Service:						
Principal	81,000	80,759	241			
Interest	23,000	22,310	690			
Reserve for Uncollected Taxes	745,705	745,705				
Municipal Budget Totals - Expenditures	9,332,275	9,331,344	931	1,856,140	1,856,140	
County Taxes	3,622,053	3,622,053				
Local and Regional School Taxes	20,540,675	20,540,675				
Municipal Open Space Taxes	109,921	109,921				
Other Expenditures		217,478	(217,478)			
<b>TOTAL EXPENDITURES</b>	<b>\$ 33,604,924</b>	<b>33,821,471</b>	<b>(216,547)</b>	<b>\$ 1,856,140</b>	<b>1,856,140</b>	
Excess/(Deficit) of Revenues over Expenditures		2,128,788	\$ 2,128,788		276,997	\$ 276,997
Fund Balances January 1, 2023		2,744,533			524,665	
Less: Utilized as Anticipated Revenue		1,460,000			206,146	
Fund Balances December 31, 2023		<u>\$ 3,413,321</u>			<u>\$ 595,516</u>	

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Mendham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Mendham, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Mendham do not include the operations of the volunteer fire company and rescue squad.

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. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Mendham conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Mendham accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds which are not accounted for in another fund.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Utility Operating Fund - Account for the operations of the municipally owned Sewer Utility.

Utility Capital Fund - Account for the acquisition of capital facilities of the Sewer Utility.

General Fixed Assets Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed under the caption "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis except for certain assistance which is not realized until anticipated in the Borough's budget. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received, and inventories would not be reflected as expenditures at the time of purchase, investments would generally be recorded at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Borough is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Borough acquires and owns a fixed asset and the Borough's net pension liability, net OPEB liability and related deferred inflows and outflows would be recorded.

D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds or loans have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans, or by financed purchases agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments, if any, are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.



BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets Account Group – In accordance with accounting requirements in the New Jersey Administrative Code, as promulgated by the Division of Local Government Services, the Borough developed a fixed assets accounting and reporting system. General fixed assets are recorded at cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a “Reserve for Fixed Assets”. When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Fund. The values recorded in the general fixed assets account group and the capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund is recorded in the capital account at cost. The amount shown does not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility does not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current, operating utility, and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Cash and Cash Equivalents and Investments

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

Investments are stated at cost. The Borough 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.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Cash and Cash Equivalents and Investments (Cont'd)

GASB requires disclosure of the level of custodial credit risk assumed by the Borough 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 Borough 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 Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

Deposits

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

The market value of the collateral must equal 5% of the average daily balance of 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, the Federal Home Loan Bank Board 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 Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 2: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or 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 Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date 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.);
  - (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.

As of December 31, 2023, cash and cash equivalents and investments of the Borough consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Money Market</u>	<u>Investment</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 230	\$ 2,228	\$ 369,957	\$ 6,173,653	\$ 6,546,068
Federal and State Grant				42,540	42,540
General Capital		15,806		716,545	732,351
Trust and Agency				1,230,254	1,230,254
Utility Operating	100	147,388		881,065	1,028,553
Utility Capital		46,455		314,967	361,422
	<u>\$ 330</u>	<u>\$ 211,877</u>	<u>\$ 369,957</u>	<u>\$ 9,359,024</u>	<u>\$ 9,941,188</u>

The carrying amount of the Borough's cash and cash equivalents and investments at year end was \$9,941,188 and the bank balance was \$10,175,571. During 2023 the Borough invested funds by purchasing Bond Anticipation Notes from its own Capital Funds. There was an investment of \$369,957 from the Current Fund in Bond Anticipation Notes issued by the Borough's General Capital Fund at 1.00% interest due on June 29, 2024.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 3: Interfunds

The following interfund receivable and payable balances appear on the combined balance sheet as of December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 302	\$ 394,488
Federal and State Grant Fund	39,528	
General Capital Fund	353,574	
Other Trust Funds	39,166	38,082
Sewer Utility Operating Fund	3,288	
Sewer Utility Capital Fund		3,288
	<u>\$ 435,858</u>	<u>\$ 435,858</u>

The primary interfund activity for 2023 was due to the increase in interfund activity between the Other Trust Funds and Federal and State Grant Fund for grants received in the Other Trust Funds and due to the Federal and State Grant Fund. The interfund between General Capital and Current fund is primarily due to the Bond Anticipation Note loan and collection of a grant receivable. The interfund between Other Trust Funds and Current Fund is for prior year interfunds not liquidated. The interfund between Sewer Utility Operating Fund and Sewer Utility Capital Fund primarily relates to accrued interest expense not turned over by year end.

Note 4: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power have been pledged to the payment of general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 730,497	\$ 811,256	\$ 891,256
Sewer Utility:			
Bonds, Loans and Notes	2,652,215	2,291,828	557,951
Total Issued	<u>3,382,712</u>	<u>3,103,084</u>	<u>1,449,207</u>
<u>Authorized but not Issued:</u>			
General	957,881	107,881	107,881
Sewer Utility	3,897,785	2,783,172	4,517,049
Total Authorized but not Issued	<u>4,855,666</u>	<u>2,891,053</u>	<u>4,624,930</u>
Less: Reserve to Pay Debt Service			
General	30,641	30,641	29,900
Sewer Utility	1,336	1,336	1,336
Total Reserve to Pay Debt Service	<u>31,977</u>	<u>31,977</u>	<u>31,236</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 8,206,401</u>	<u>\$ 5,962,160</u>	<u>\$ 6,042,901</u>

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 4: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, below, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .115%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local and Regional School District Debt	\$ 1,790,242	\$ 1,790,242	
Sewer Utility Debt	6,550,000	6,550,000	
General Debt	<u>1,688,378</u>	<u>30,641</u>	<u>\$ 1,657,737</u>
	<u>\$ 10,028,620</u>	<u>\$ 8,370,883</u>	<u>\$ 1,657,737</u>

Net Debt \$1,657,737 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,440,378,546 = .115%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 50,413,249
Net Debt	<u>1,657,737</u>
Remaining Borrowing Power	<u>\$ 48,755,512</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,814,494
Deductions:	
Operating, Maintenance and Debt Service Costs	<u>1,691,140</u>
Excess in Revenue	<u>\$ 123,354</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Schedule of Changes in Debt Issued

	<u>Balance</u>		<u>Defeased/</u>	<u>Balance</u>
	<u>12/31/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2023</u>
General Capital Fund:				
Bond Anticipation Notes	\$ 811,256	\$ 730,497	\$ 811,256	\$ 730,497
Sewer Utility Capital Fund:				
NJ I-Bank Loan	2,291,828	360,387	2,308,222	343,993
NJEIT Loan		<u>2,308,222</u>		<u>2,308,222</u>
Total	<u>\$ 3,103,084</u>	<u>\$ 3,399,106</u>	<u>\$ 3,119,478</u>	<u>\$ 3,382,712</u>

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 4: Long-Term Debt (Cont'd)

The Borough had the following outstanding debt at December 31, 2023.

Schedule of General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
	<u>Original Note</u>	<u>Maturity</u>		
Various Improvements	7/12/2013	6/29/2024	1.00%	\$ 125,540
Various Improvements	7/11/2014	6/29/2024	1.00%	26,260
Various Improvements	10/7/2019	6/29/2024	1.00%	113,157
Acquisition of Equipment	9/4/2020	6/28/2024	4.73%	360,540
Acquisition of Equipment	7/2/2021	6/29/2024	1.00%	105,000
				<u>\$ 730,497</u>

Sewer Utility Capital NJ Environmental Infrastructure Trust (NJEIT) Loans

<u>Description</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
	<u>Final Maturity</u>			
Wastewater Treatment Plant Upgrades:				
Trust Loan	08/01/53		3-5%	\$ 1,511,232
Fund Loan	08/01/53		0%	796,990
				<u>\$ 2,308,222</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Sewer Utility Capital</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,910	\$ 37,885	\$ 55,795
2025	51,865	53,276	105,141
2026	56,865	52,026	108,891
2027	56,865	50,526	107,391
2028	56,865	49,026	105,891
2029-2033	314,324	221,132	535,456
2034-2038	366,342	173,426	539,768
2039-2043	412,924	132,638	545,562
2044-2048	461,398	87,413	548,811
2049-2053	512,864	34,948	547,812
	<u>\$ 2,308,222</u>	<u>\$ 892,296</u>	<u>\$ 3,200,518</u>

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 4: Long-Term Debt (Cont'd)

NJ Environmental Infrastructure Loans

On September 23, 2019, the Borough of Mendham entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$796,990 and the Trust loan portion is \$1,511,232. The aggregate amount of \$2,308,222 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of a wastewater system improvement project. At December 31, 2023, the Borough had borrowed or "drawn down" \$2,308,222 for this project. The loan balance as of the end of the year is \$2,308,222.

Principal payments to the Fund will commence August 1, 2024 and will continue on a semiannual basis over 30 years at zero interest. Principal payments to the Trust will commence August 1, 2025 and will continue on an annual basis over 29 years at 3.03% - 5.00% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to two percent (2.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Note 5: Pension Plans

Substantially all of the Borough's employees participate in one of two contributory, defined benefit public employee retirement systems, Police and Firemen's Retirement System (PFRS) 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:

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Borough contributions to PERS amounted to \$233,804 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$5,887 to the PERS for normal pension benefits on behalf of the Borough.

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 pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation.



BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
 (Continued)

Note 5: 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 associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability was \$2,798,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was 0.019%, which was an increase of 0.002% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2022.

For the year ended December 31, 2023, the Borough recognized actual pension expense in the amount of \$233,804.

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate

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

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough 's proportionate share of the Net Pension Liability	<u>\$ 3,594,622</u>	<u>\$ 2,798,009</u>	<u>\$ 2,120,060</u>

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. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), 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 PFRS, 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).

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members enrolled prior to May 22, 2010
2	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

The Local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS 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 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 amounts 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 the assets.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be 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 under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. 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 collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$512,797 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$99,997 to the PFRS for normal pension benefits on behalf of the Borough, which is more than the contractually required contribution of \$92,670.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability for its proportionate share of the net pension liability was \$4,513,200. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was 0.039%, which was an increase of 0.0007% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2022 pension information in the Notes to the Financial Statements as the June 30, 2023 pension information has not been released as of the date of this audit.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$803,217 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.039%, which was an increase of 0.0007% from its proportion measured as of June 30, 2021 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 4,513,200
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>803,217</u>
Total Net Pension Liability	<u>\$ 5,316,417</u>

For the year ended December 31, 2023, the Borough recognized pension expense of \$512,797.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – PFRS

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 7,294,698	\$ 5,316,417	\$ 3,669,488

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS 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 PFRS, 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 Treasury 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 Borough recognized pension expense of \$6,359 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$8,635 for the year ended December 31, 2023.



BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 6: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

In accordance with the Borough's resolution, Borough employees are entitled to the following benefits:

Municipal and Police Employees:

Married Borough employees retiring at age 62 or older who have accumulated 15 years or more of uninterrupted service, or under age 62 with 25 years or more, are entitled to fifty percent of the premium for hospital and surgical health insurance family coverage to be paid by the Borough. Single employees retiring at age 62 or older who have accumulated 15 years or more of uninterrupted service, or under age 62 with 25 years or more, are entitled to one hundred percent of the premium for hospital and surgical insurance individual coverage to be paid by the Borough. All years of qualifying service must be with the Borough of Mendham.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 6: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

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 or more years 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.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. 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 collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB benefit/expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this report.

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 6: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense (Cont'd)

At June 30, 2022, the Borough had a liability of \$5,927,548 for its proportionate share of the net OPEB liability. At June 30, 2022, the Borough's proportion was .037% which was a decrease of .0002% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022 the Borough's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$260,643.

The Borough's actual post retirement payments in 2023 for 9 retired employees were \$68,087.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2022 was \$410,424. At June 30, 2022, the State's proportion related to the Borough was .01%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2022, the State of New Jersey's OPEB expense/(benefit) related to the Borough was (\$67,318).

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.

Salary Increases\*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 6: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond rate as chosen by the State. 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.

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability Attributable to the Borough	\$ 6,871,221	\$ 5,927,548	\$ 5,168,274

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	\$ 5,028,517	\$ 5,927,548	\$ 7,078,952

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 7: Accrued Sick and Vacation Benefits

The Borough of Mendham does not permit its employees to accrue unused vacation and sick pay.

Note 8: Selected Tax Information

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 to be delinquent and the imposition of interest charges is made. 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 year may be placed in lien at a tax sale held after December 10.

	2023	2022	2021
<u>Tax Rate</u>	\$ 2.454	\$ 2.384	\$ 2.342
<u>Apportionment of Tax Rate</u>			
Municipal	.532	.514	.506
County	.287	.278	.271
Local School	.971	.949	.930
Regional High School	.656	.635	.627
Municipal Open Space	.008	.008	.008
<u>Assessed Valuations</u>			
2023	\$ 1,263,270,524		
2022		\$ 1,265,709,106	
2021			\$ 1,262,502,152

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 31,100,066	\$ 30,853,825	99.20%
2022	30,190,434	30,070,078	99.60%
2021	29,639,567	29,461,051	99.39%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 9: Risk Management

The Borough 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. The Borough obtains property, general and automotive liability, and workers' compensation coverage through its participation in the Morris County Municipal Joint Insurance Fund as described below.

The Borough of Mendham is currently a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). The Fund provides its members with Liability, Property, Environmental, Public Officials and Employer Practices, and Workers' Compensation Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund 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.

The December 31, 2023 audit report for the Fund was not filed as of the date of this report. Selected financial information for the Fund as of December 31, 2022 is as follows:

Total Assets	<u>\$ 35,739,845</u>
Net Position	<u>\$ 10,500,044</u>
Total Revenue	<u>\$ 21,851,847</u>
Total Expenses	<u>\$ 27,577,728</u>
Change in Net Position	<u>\$ (5,725,881)</u>
Member Dividends	<u>\$ -0-</u>

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

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 9: Risk Management (Cont'd)

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 14,000	\$ 8,911	\$ 274	\$ 10,080	\$ 77,471
2022	8,800	3,948	714	3,800	64,366
2021	10,000	5,170	89	4,573	54,704

Note 10: Fund Balances Appropriated

Fund balances as December 31, 2023, which have been appropriated and included as anticipated revenue for the year ending December 31, 2024 are \$1,570,745 for the Current Fund and \$278,867 for the Sewer Utility Operating Fund.

Note 11: Fixed Assets

The following schedule is a summarization of general fixed assets for the year ended December 31, 2023:

	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2023</u>
Land	\$ 1,767,500			\$ 1,767,500
Buildings and Building Improvements	3,535,152			3,535,152
Machinery and Equipment	6,539,129	\$ 157,863	\$ (598,470)	6,098,522
	<u>\$ 11,841,781</u>	<u>\$ 157,863</u>	<u>\$ (598,470)</u>	<u>\$ 11,401,174</u>

Note 12: Commitments and Contingencies

Claims and Other Legal Proceedings

The Borough is periodically involved in lawsuits arising in the normal course of business, including claims for property damage, personnel litigation, personal injury, disputes over contract awards and property tax assessment appeals. The Borough is involved in property tax assessment appeals which are pending at the Tax Court of New Jersey. The Borough has established a reserve for litigation at December 31, 2023 in the amount of \$330,421. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2023.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 12: Commitments and Contingencies (Cont'd)

The Borough has received approval by the New Jersey Department of Environmental Protection for the closure of the Borough's sanitary landfill. The landfill has not received municipal waste for several years. The ultimate costs of the closure of the landfill will likely exceed the funds held; however, no estimate can be made at this time. It is expected that this project will be funded by a capital ordinance when the Borough proceeds with the project.

Various tax appeals on assessed valuation have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve, which it feels is sufficient, for this contingency in the amount of \$463,400.

Note 13: Other Reserves

Reserves on the balance sheet of the Current Fund at December 31, 2023, consisted of the following:

Litigation	\$	330,421
Unappropriated Reserves		24,931
Sale of Municipal Assets		271,065
Municipal Relief Aid		52,274
Pending Tax Appeals		463,400
	<u>\$</u>	<u>1,142,091</u>

Note 14: Economic Dependency

The Borough 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 Borough's programs and activities.

Note 15: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a maximum tax levy of \$.02 per \$100 of assessed valuation in 1999. The funds collected are used to acquire and maintain open space, historical preservation and farm land property in the Borough. The balance in the Open Space Trust Fund Reserve at December 31, 2023 was \$385,525.

Note 16: Leases

The Borough entered into a lease agreement on July 1, 1988 for the lease of Borough property to the Mendham Area Senior Housing Corporation for the construction and operation of senior-citizen housing and related purposes for an initial term of 50 years. The lessee has the right to renew the lease for an additional 16 year term. The initial annual lease payment was \$9,240 and the annual lease payment for the remaining years can be adjusted upward at the discretion of the Borough each year in the same proportional amount as any increase of the municipal real estate tax rate, with a maximum increase of 5% in any one year.

The Borough entered into a lease agreement on July 15, 2019 for the lease of Borough property to the Mendham Cooperative Nursery School for the operation of a childcare center and other approved community activities for an initial term of 5 years. The lessee has the right to renew the lease for an additional 5 year term. The initial monthly lease payment was \$700 and the monthly lease payment for the remaining years in the initial lease term will be increased by 3% each year.



BOROUGH OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 17: Financed Purchases Agreements

The Borough has two financed purchases agreements for 2 police vehicles. The finance purchases agreements are each for 4 years and the last payments on the leases are in 2024 and 2025. The total payments on the financed purchases agreements in 2023 were \$28,744.89. Remaining payments on the leases through 2025 are \$43,960.66.

Note 18: Federal and State Grant Fund

The Borough established a Federal and State Grant Fund during 2023. This fund accounts for the activity related to federal, state, and local grants of the Borough.

**COMBINING AND INDIVIDUAL FUND AND ACCOUNT  
GROUP STATEMENTS AND SCHEDULES**

**The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type.**

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
CURRENT FUND

The current fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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MENDHAM BOROUGH  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	December 31,	
	2023	2022
<u>ASSETS</u>		
<u>Regular Fund:</u>		
Cash and Cash Equivalents	\$ 6,175,881	\$ 5,584,575
Investments	369,957	440,756
Change Fund	230	230
	<u>6,546,068</u>	<u>6,025,561</u>
Due from State of New Jersey:		
Veterans and Senior Citizens Deductions	20,721	20,471
	<u>6,566,789</u>	<u>6,046,032</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	216,853	77,570
Tax Title Liens Receivable	41,470	37,286
Property Acquired for Taxes - Assessed Valuation	2,900	2,900
Revenue Accounts Receivable	2,360	3,137
Grants Receivable	67,068	67,068
Interfunds Receivable	302	2,610
Total Receivables and Other Assets with Full Reserves	<u>330,953</u>	<u>190,571</u>
Total Regular Fund	<u>6,897,742</u>	<u>6,236,603</u>
<u>Federal and State Grant Fund:</u>		
Cash and Cash Equivalents	42,540	
Grants Receivable	14,200	
Interfunds Receivable	39,528	
Total Federal and State Grant Fund	<u>96,268</u>	
<b>TOTAL ASSETS</b>	<u><b>\$ 6,994,010</b></u>	<u><b>\$ 6,236,603</b></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Regular Fund:</u>		
Appropriation Reserves:		
Encumbered	\$ 190,159	\$ 167,761
Unencumbered	895,944	974,952
Total Appropriation Reserves	<u>1,086,103</u>	<u>1,142,713</u>
Prepaid Taxes	237,816	166,537
Tax Overpayments		3,879
Accounts Payable - Vendors	286,866	185,954
Other Liabilities	6,104	6,104
Interfund Payable	394,488	646,663
Other Reserves	<u>1,142,091</u>	<u>1,149,649</u>
	3,153,468	3,301,499
Reserve for Receivables and Other Assets	330,953	190,571
Fund Balance	<u>3,413,321</u>	<u>2,744,533</u>
Total Regular Fund	<u>6,897,742</u>	<u>6,236,603</u>
<u>Federal and State Grant Fund:</u>		
Appropriated Reserves	51,305	
Unappropriated Reserves	44,963	
Total Federal and State Grant Fund	<u>96,268</u>	
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>	<u><b>\$ 6,994,010</b></u>	<u><b>\$ 6,236,603</b></u>

MENDHAM BOROUGH  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

<u>Revenue and Other Income Realized</u>	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fund Balance Utilized	\$ 1,460,000	\$ 1,956,988
Miscellaneous Revenue Anticipated	1,700,899	1,176,248
Receipts from:		
Delinquent Taxes	77,570	112,734
Current Taxes	30,853,825	30,070,078
Nonbudget Revenue	405,482	686,638
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	704,168	539,457
Other Credits	2,610	1
Total Income	<u>35,204,554</u>	<u>34,542,144</u>
 <u>Expenditures</u>		
Budget Appropriations - Municipal Purposes	8,585,639	8,761,544
County Taxes	3,622,053	3,515,405
Local School District Taxes	12,265,629	11,999,282
Regional School Taxes	8,275,046	8,033,155
Municipal Open Space Tax	109,921	109,648
Refund of Prior Year Revenue	6,710	
Reserve for Pending Tax Appeals	210,466	
Interfunds Advanced	302	2,610
Total Expenditures	<u>33,075,766</u>	<u>32,421,644</u>
 Excess in Revenue	 2,128,788	 2,120,500
 <u>Fund Balance</u>		
Balance January 1	<u>2,744,533</u>	<u>2,581,021</u>
	4,873,321	4,701,521
Decreased by:		
Utilized as Anticipated Revenue	<u>1,460,000</u>	<u>1,956,988</u>
 Balance December 31	 <u>\$ 3,413,321</u>	 <u>\$ 2,744,533</u>

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2023

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,460,000		\$ 1,460,000	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	6,300		7,688	\$ 1,388
Interest and Costs on Taxes	21,000		48,217	27,217
Interest on Investments and Deposits	17,500		376,153	358,653
Energy Receipts Tax	504,611		504,611	
Municipal Relief Fund	26,141		26,141	
Uniform Construction Code Fees	165,000		393,241	228,241
Public and Private Revenue				
Offset with Appropriations:				
Clean Communities Program	10,000	\$ 3,251	13,251	
Body Armor Fund	1,145		1,145	
American Rescue Plan Act	253,664		253,664	
Morris County Historical Preservation	40,680		40,680	
Recycling Tonnage	8,008		8,008	
Lead Assistance Program		3,100	3,100	
Stormwater Assistance Grant		25,000	25,000	
Total Miscellaneous Revenue	1,054,049	31,351	1,700,899	615,499
Receipts from Delinquent Taxes	55,000		77,570	22,570
Amount to be Raised by Taxes for Support of Municipal Budget	6,731,875		7,326,881	595,006
Budget Totals	9,300,924	31,351	10,565,350	\$ 1,233,075
Nonbudget Revenue			405,482	
	<u>\$ 9,300,924</u>	<u>\$ 31,351</u>	<u>\$ 10,970,832</u>	

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Collection of Current Taxes	\$ 30,853,825
Allocated to:	
School, County, and Open Space Taxes	24,272,649
	<u>6,581,176</u>
Add: Appropriation "Reserve for Uncollected Taxes"	745,705
	<u>745,705</u>
Realized for Support of Municipal Budget	<u>\$ 7,326,881</u>

Analysis of Delinquent Tax Collections

Delinquent Taxes	\$ 77,570
	<u>\$ 77,570</u>

Analysis of Nonbudget Revenue

Revenue Accounts Receivable:	
Fees and Permits	\$ 14,298
Clerk	751
Police	5,232
Insurance Refunds	5,581
Special Duty	49,026
Planning Board	24,915
Board of Health	14,535
Municipal Court Fines and Costs	28,644
Rents on Borough-Owned Properties	24,995
Cable Television Franchise Fees	57,338
Lot grad/soil erosion (LDP)	400
DMV Inspection Fines	500
High School Resource Officer Reimbursement	140,756
FEMA Reimbursement:	
COVID-19	2,890
Tropical Storm Isaias	625
State of New Jersey-Vet and Senior Citizen 2% Admin Fee	465
Fire Prevention/Alarm Fees	21,290
Drug Recognition Expert (DRE)	10,920
Miscellaneous	2,321
	<u>\$ 405,482</u>

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended By		Un- expended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "Caps":					
General Government:					
General Administration:					
Salaries and Wages	\$ 134,816	\$ 116,116	\$ 88,515	\$ 27,601	
Other Expenses	23,900	23,900	9,246	14,654	
Organization Contributions:					
Other Expenses	5,500	5,500	175	5,325	
Purchasing:					
Salaries and Wages	15,704	15,704	13,083	2,621	
Other Expenses	5,750	5,750	2,636	3,114	
Human Resources - Personnel & Payroll:					
Salaries and Wages	26,527	26,527	12,132	14,395	
Other Expenses	43,100	43,100	12,559	30,541	
Mayor and Council:					
Salaries and Wages	29,000	29,000	28,990	10	
Other Expenses	9,000	9,000	4,680	4,320	
Municipal Clerk:					
Salaries and Wages	56,974	56,974	42,955	14,019	
Other Expenses	38,250	38,250	17,459	20,791	
Financial Administration:					
Salaries and Wages	86,856	86,856	85,293	1,563	
Other Expenses	30,455	30,455	15,128	15,327	
Annual Audit	40,603	40,603		40,603	
Computerized Data Processing	104,215	106,215	105,612	603	
Tax Assessment Administration:					
Salaries and Wages	52,954	52,954	52,424	530	
Other Expenses	19,450	19,450	10,416	9,034	
Revenue Administration (Tax Collection):					
Salaries and Wages	48,542	52,542	51,540	1,002	
Other Expenses	17,200	17,200	11,661	5,539	
Legal Services and Costs:					
Other Expenses	154,000	174,000	168,348	5,652	
Engineering Services and Costs:					
Salaries and Wages		7,977	7,727	250	
Other Expenses	75,477	67,500	37,991	29,509	
Historic Preservation:					
Other Expenses	7,650	7,650	1,148	6,502	
Public Buildings and Grounds:					
Other Expenses	164,645	164,645	117,774	46,871	
Municipal Land Use Law(N.J.S.A.40:55D-1):					
Planning Board:					
Salaries and Wages	23,430	23,430	23,181	249	
Other Expenses	32,000	32,000	10,116	21,884	



MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Un- expended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
General Government (continued):					
Insurance:					
Employee Group Health	\$ 546,958	\$ 546,958	\$ 546,958		
Unemployment Compensation Insurance	8,000	8,000	8,000		
General Liability Insurance	94,160	94,160	94,159	\$ 1	
Workmen's Compensation Insurance	89,226	89,226	66,920	22,306	
Long-Term Disability	21,383	21,383	20,107	1,276	
Public Safety:					
Police:					
Salaries and Wages	1,824,687	1,845,187	1,824,334	20,853	
Other Expenses	173,771	173,771	128,032	45,739	
Contractual Radio Dispatch	124,300	124,300	124,258	42	
Office of Emergency Management:					
Salaries and Wages	7,541	7,541	7,291	250	
Other Expenses	11,700	11,700		11,700	
Aid to Volunteer Fire Company	97,200	97,200	74,632	22,568	
Aid to Volunteer Ambulance Company	42,200	42,200	29,923	12,277	
Fire:					
Salaries and Wages	39,705	39,705	38,641	1,064	
Other Expenses	5,000	5,000	3,045	1,955	
Fire Hydrant - Other Expenses	144,000	144,000	143,093	907	
Municipal Court:					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	44,466	44,466	44,466		
Streets and Roads:					
Road Repairs and Maintenance:					
Salaries and Wages	619,368	619,368	558,173	61,195	
Other Expenses	158,800	158,800	103,053	55,747	
Shade Trees:					
Other Expenses	22,095	22,095	10,930	11,165	
Kelley Act - Mendham Commons	9,000	9,000	3,538	5,462	
Vehicle Maintenance (DPW):					
Salary and Wages	69,796	69,796	61,909	7,887	
Other Expenses	64,870	64,870	31,807	33,063	
Landfill/Solid Waste Disposal Costs:					
Other Expenses	124,128	128,828	128,066	762	
Health and Welfare:					
Board of Health:					
Salaries and Wages	3,376	3,376	2,484	892	
Other Expenses	64,036	64,036	61,761	2,275	
Environmental Commission:					
Other Expenses	26,500	26,500	15,591	10,909	
Contributions to Social Service Agency:					
MASH Van	20,000	20,000	17,460	2,540	

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Un- expended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Recreation and Education:					
Recreation:					
Salaries and Wages	\$ 16,795	\$ 16,795	\$ 16,545	\$ 250	
Other Expenses	30,550	30,550	26,228	4,322	
Parks and Playgrounds:					
Other Expenses	51,500	51,500	16,883	34,617	
Construction Code Official:					
Salaries and Wages	213,844	212,844	195,999	16,845	
Other Expenses	19,600	19,100	18,323	777	
Communications and Public Information:					
Salaries and Wages	23,430	23,430	23,180	250	
Other Expenses	24,150	30,150	28,671	1,479	
Code Enforcement/Zoning:					
Salaries and Wages	28,250	28,250	27,975	275	
Other Expenses	6,250	7,750	7,291	459	
Unclassified:					
Salary Adjustment Account	50,000	11,500		11,500	
Utilities	251,420	251,420	196,919	54,501	
Landfill/Solid Waste Disposal Costs - Recycling:					
Other Expenses	204,407	204,407	183,738	20,669	
Total Operations Within "CAPS"	6,623,460	6,623,460	5,821,172	802,288	
Contingency	6,000	6,000	2,574	3,426	
Total Operations Including Contingent Within "CAPS"	6,629,460	6,629,460	5,823,746	805,714	
Detail:					
Salaries and Wages	3,372,595	3,346,872	3,162,371	184,501	
Other Expenses	3,256,865	3,282,588	2,661,375	621,213	
Deferred Charges and Statutory Expenditures-					
Municipal Within "CAPS":					
Statutory Expenditures:					
Contributions to PERS	196,395	196,395	196,395		
Contributions to Social Security System (O.A.S.I.)	265,108	265,108	248,371	16,737	
Contributions to PFRS	512,797	512,797	512,797		
Defined Contribution Retirement Plan	7,000	7,000	6,359	641	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	981,300	981,300	963,922	17,378	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,610,760	7,610,760	6,787,668	823,092	

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Appropriations		Expended By		Un- expended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS"					
Aid to Library	\$ 201,000	\$ 201,000	\$ 201,000		
Length of Service Award Program - Fire	17,302	17,302		\$ 17,302	
Length of Service Award Program - Ambulance	36,484	36,484		36,484	
Employee Group Health	81,840	81,840	62,774	19,066	
Public and Private Programs Offset by Revenue:					
Clean Communities (N.J.S.A. 40A:4-87 + \$3,251)	10,000	13,251	13,251		
Body Armor Fund	1,145	1,145	1,145		
Recycling Tonnage	8,008	8,008	8,008		
Morris County Historical Preservation	40,680	40,680	40,680		
Stormwater Assistance Grant (NJSA 40A:4-87 + \$25,000)		25,000	25,000		
Lead Assistance Program (NJSA 40A:4-87 + \$3,100)		3,100	3,100		
Total Operations Excluded from "CAPS"	396,459	427,810	354,958	72,852	
Detail:					
Other Expenses	396,459	427,810	354,958	72,852	
Capital Improvements-Excluded from "CAPS" :					
Capital Improvement Fund	190,336	190,336	190,336		
American Rescue Plan	253,664	253,664	253,664		
Total Capital Improvements Excluded from "CAPS"	444,000	444,000	444,000		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Anticipation Notes	81,000	81,000	80,759		\$ 241
Interest on Notes	23,000	23,000	22,310		690
Total Municipal Debt Service Excluded from "CAPS"	104,000	104,000	103,069		931
Total General Appropriations Excluded from "CAPS"	944,459	975,810	902,027	72,852	931
Subtotal General Appropriations	8,555,219	8,586,570	7,689,695	895,944	931
Reserve for Uncollected Taxes	745,705	745,705	745,705		
Total General Appropriations	<u>\$ 9,300,924</u>	<u>\$ 9,332,275</u>	<u>\$ 8,435,400</u>	<u>\$ 895,944</u>	<u>\$ 931</u>

MENDHAM BOROUGH  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023

(Continued)

	<u>Analysis of Budget After Modification</u>	<u>Analysis of Paid or Charged</u>
Cash Disbursed		\$ 7,681,100
Reserve for Uncollected Taxes		745,705
Due to Federal and State Grant Fund		91,184
Outstanding Encumbrances		190,159
Adopted Budget	\$ 9,300,924	
Adopted by NJSA 40A:4-87	31,351	
	<u>9,332,275</u>	<u>8,708,148</u>
Less: Appropriation Refunds		272,748
	<u>\$ 9,332,275</u>	<u>\$ 8,435,400</u>



MENDHAM BOROUGH  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
General Administration:				
Salaries and Wages	\$ 11,711	\$ 11,711		\$ 11,711
Other Expenses	8,768	8,768	\$ 1,852	6,916
Organization Contributions:				
Other Expenses	4,900	4,900		4,900
Purchasing:				
Salaries and Wages	596	596		596
Other Expenses	2,755	2,755	750	2,005
Human Resources - Personnel & Payroll:				
Salaries and Wages	14,045	14,045		14,045
Other Expenses	19,038	19,038	717	18,321
Mayor and Council:				
Other Expenses	3,935	3,935	464	3,471
Municipal Clerk:				
Salaries and Wages	6,188	6,188		6,188
Other Expenses	14,133	14,133	5,680	8,453
Annual Audit	38,000	38,000	37,959	41
Computerized Data Processing	24,774	24,774	18,123	6,651
Financial Administration:				
Salaries and Wages	3,721	3,721	1,567	2,154
Other Expenses	28,202	28,202	28,071	131
Assessment of Taxes:				
Salaries and Wages	1,349	1,349		1,349
Other Expenses	12,793	12,793	900	11,893
Collection of Taxes:				
Salaries and Wages	4,616	4,616		4,616
Other Expenses	19,189	19,189	7,086	12,103
Legal Services and Costs	14,655	14,655	7,893	6,762
Engineering Services and Costs:				
Other Expenses	53,817	53,817	19,206	34,611
Historic Preservation:				
Other Expenses	5,852	5,852	950	4,902
Public Buildings and Grounds:				
Other Expenses	29,209	29,209	20,980	8,229
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Other Expenses	12,103	12,103	2,704	9,399
Insurance:				
Employee Group Health	47,369	47,369		47,369
Long-Term Disability	599	599		599
General Liability Insurance	1,800	1,800		1,800
Aid to Volunteer Ambulance Company	591	591	500	91
Aid to Volunteer Fire Company	42,535	42,535	38,396	4,139
Fire:				
Salaries and Wages	3,004	3,004		3,004
Other Expenses	3,003	3,003	254	2,749
Fire Hydrant:				
Other Expenses	28,356	28,356	23,442	4,914
Police:				
Salaries and Wages	108,311	108,311		108,311
Other Expenses	66,007	66,007	36,460	29,547
Contractual Radio Dispatch	1	1		1
Municipal Court:				
Salaries and Wages	1,000	1,000		1,000
Other Expenses	6	6		6
Office of Emergency Management:				
Salaries and Wages	296	296		296
Other Expenses	11,700	11,700	300	11,400
Board of Health:				
Other Expenses	1,547	1,547		1,547

BOROUGH OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Roads Repairs and Maintenance:				
Salaries and Wages	\$ 73,582	\$ 73,582		\$ 73,582
Other Expenses	35,174	35,174	\$ 17,616	17,558
Kelley Act - Mendham Commons	3,030	3,030	3,030	
Animal Control:				
Other Expenses	35	35		35
Vehicle Maintenance (DPW):				
Other Expenses	26,868	26,868	8,632	18,236
Landfill/Solid Waste Disposal:				
Other Expenses	28,268	28,268	23,115	5,153
Environmental Commission:				
Other Expenses	5,016	5,016		5,016
Parks and Playgrounds:				
Other Expenses	16,718	16,718	1,321	15,397
Contributions to Social Services Agency:				
MASH Van	5,388	5,388		5,388
Recreation:				
Salaries and Wages	27	27		27
Other Expenses	3,733	3,733	2,773	960
Shade Tree:				
Other Expenses	13,052	13,052	13,052	
State Uniform Construction Code:				
Salaries and Wages	17,651	17,651		17,651
Other Expenses	27,662	27,662	18,760	8,902
Communications and Public Information:				
Other Expenses	7,707	7,707	6,650	1,057
Code Enforcement/Zoning:				
Salaries and Wages	8,913	8,913	2,221	6,692
Other Expenses	1,849	1,849	750	1,099
Salary Adjustment Account	51,718	51,718		51,718
Utilities	41,747	41,747	26,703	15,044
Landfill/Solid Waste Disposal Costs - Recycling:				
Other Expenses	13,864	13,864	4,609	9,255
Contingency	4,661	4,661	265	4,396
Contribution to:				
Social Security System (O.A.S.I.)	1,005	1,005		1,005
Police and Firemen's Retirement System of NJ	876	876		876
Defined Contribution Retirement Plan	2,050	2,050		2,050
Length of Service Award Program - Fire	47,000	47,000	17,302	29,698
Length of Service Award Program - Ambulance	38,000	38,000	33,475	4,525
Public and Private Programs Offset by Revenue:				
Clean Communities Grant	4,017	4,017	4,017	
Body Armor Fund	2,500	2,500		2,500
Body Worn Cameras	10,128	10,128		10,128
	<u>\$ 1,142,713</u>	<u>\$ 1,142,713</u>	<u>\$ 438,545</u>	<u>\$ 704,168</u>
<u>Analysis of Beginning Balance/Paid or Charged:</u>				
Unencumbered	\$ 974,952			
Encumbered	167,761			
Cash Disbursed			\$ 325,633	
Accounts Payable			112,912	
	<u>\$ 1,142,713</u>		<u>\$ 438,545</u>	

BOROUGH OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Budget</u> <u>Revenue</u> <u>Accrued</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Stormwater Assistance Grant		\$ 25,000	\$ 15,000	\$ 10,000
Lead Grant Assistance Program		3,100	3,100	
Clean Communities Grant - 2023		13,251	13,251	
Recycling Tonnage Grant - 2023		8,008	8,008	
Body Armor Replacement Fund - 2023		1,145	1,145	
Morris County Historical Preservation		40,680	36,480	4,200
	<u>\$ -0-</u>	<u>\$ 91,184</u>	<u>\$ 76,984</u>	<u>\$ 14,200</u>



BOROUGH OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2022	Transfer from Budget Appropriations	Transfer from Other Trust Funds	Cash Disbursed	Balance Dec. 31, 2023
Stormwater Assistance Grant		\$ 25,000			\$ 25,000
Lead Grant Assistance Program		3,100		\$ 3,100	
Clean Communities Grant - 2023		17,059		11,909	5,150
Recycling Tonnage Grant - 2023		8,008	\$ 12,888	5,086	15,810
Body Armor Replacement Fund - 2023		1,145			1,145
Morris County Historical Preservation		40,680		36,480	4,200
	<u>\$ -0-</u>	<u>\$ 94,992</u>	<u>\$ 12,888</u>	<u>\$ 56,575</u>	<u>\$ 51,305</u>

BOROUGH OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED GRANT RESERVES

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Cash</u> <u>Receipts</u>	<u>Transfer</u> <u>from Current</u> <u>Fund</u>	<u>Transfer</u> <u>from Other</u> <u>Trust Funds</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Distracted Driving Grant			\$ 5,915		\$ 5,915
Recycling Tonnage Grant				\$ 37,096	37,096
Body Armor Replacement Fund		\$ 1,268			1,268
Alcohol Education & Rehab Grant				684	684
	<u>\$ -0-</u>	<u>\$ 1,268</u>	<u>\$ 5,915</u>	<u>\$ 37,780</u>	<u>\$ 44,963</u>

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
GENERAL CAPITAL FUND

The general capital fund is used to account for the acquisition of capital facilities, other than those acquired in the current, utility operating, or utility capital funds

B

BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	December 31,	
	2023	2022
Cash and Cash Equivalents	\$ 732,351	\$ 974,855
State Grants Receivable	633,130	84,750
Morris County Grant Receivable	234,069	
Interfunds Receivable	353,574	692,824
Deferred Charges to Future Taxation:		
Unfunded	1,688,378	919,137
<b>TOTAL ASSETS</b>	<b>\$ 3,641,502</b>	<b>\$ 2,671,566</b>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes Payable	\$ 730,497	\$ 811,256
Improvement Authorizations:		
Funded	1,672,278	1,394,779
Unfunded	969,566	126,376
Accounts Payable	16,015	16,015
Capital Improvement Fund	61,040	61,040
Reserve For:		
Purchase of Fire Truck		70,000
Payment of Debt Service	30,641	30,641
Improvements	90	90
Road Improvements	159,976	159,976
Fund Balance	1,399	1,393
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>	<b>\$ 3,641,502</b>	<b>\$ 2,671,566</b>

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BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Fund Balance	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2023
		Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	
	\$ 1,393			\$ 6					\$ 1,399
Capital Improvement Fund	61,040	\$ 190,336					\$ 190,336		61,040
Due To/(From) Current Fund	(607,824)	253,664		254,944		\$ 694	253,664		(353,574)
Due To/(From) Other Trust Fund	(85,000)			85,000					
State Grant Receivable	(84,750)							548,380	(633,130)
Morris County Grant Receivable				45,341			279,410		(234,069)
Accounts Payable	16,015							70,000	16,015
Reserve for Purchase of Fire Truck	70,000								30,641
Reserve to Pay Debt Service	30,641								90
Reserve for Improvements	90								159,976
Reserve for Road Improvements	159,976								
<u>Improvement Authorizations:</u>									
Ord.	No.	Improvement Description							
	11-12	Road Improvements							
	13-12	63,956	\$ 151,800			\$ 215,756			22,640
	04-19	6,843	113,157			120,000			(42,280)
	05-15				\$ 19,721				8,341
	06-17				11,389				83,776
	05-19								34,041
	05-20	9,960	360,540		6,810	370,500			28,249
	07-21				17,520	105,000			48,382
	08-21		105,000						25,716
	3-22								
									450
	9-22				809,418				339,101
	5-23				206,243			\$ 1,171,790	965,547
	7-23							170,000	170,000
		\$ 524,759	\$ 730,497	\$ 385,291	\$ 1,071,101	\$ 811,256	\$ 694	\$ 1,341,790	\$ 732,351

BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

Ord. No.	Improvement Description	Analysis of Balance at December 31, 2023				Expenditures	Unexpended Improvement Authorizations
		Balance Dec. 31, 2022	2023 Authorizations	Notes Paid By Budget Appropriation	Balance Dec. 31, 2023		
9-02	Various Improvements	\$ 49,170			\$ 49,170		\$ 49,170
17-04	Various Improvements	16,431			16,431		16,431
13-12	Various Improvements	258,036		\$ 63,956	194,080	\$ 151,800	\$ 42,280
4-19	Acquisition of Vehicles	120,000		6,843	113,157	113,157	
5-20	DPW Loader and Ambulance	370,500		9,960	360,540	360,540	
8-21	Acquisition of DPW Equipment	105,000			105,000	105,000	
7-23	Acquisition of Fire Truck		\$ 850,000		850,000		850,000
		<u>\$ 919,137</u>	<u>\$ 850,000</u>	<u>\$ 80,759</u>	<u>\$ 1,688,378</u>	<u>\$ 730,497</u>	<u>\$ 42,280</u>
							<u>\$ 915,601</u>

Improvement Authorizations Unfunded	\$ 969,566
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ord. No. 05-20	\$ 28,249
Ord. No. 08-21	25,716
	<u>53,965</u>
	<u>\$ 915,601</u>

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BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2022		2023 Authorizations			Balance Dec. 31, 2023		
				Funded	Unfunded	Capital Improvement Fund	Other Financing Sources	Deferred Charges to Future Taxation- Unfunded	Paid or Charged	Funded	Unfunded
9-02	Firefighter Equipment	08/19/02	\$ 150,000	\$	49,170					\$	49,170
17-04	Various Improvements	09/07/04	171,500		16,431						16,431
11-12	Road Improvements	10/15/12	250,000	\$	22,640					\$	22,640
05-15	Various Improvements	06/15/15	678,000		28,062						8,341
06-17	Various Improvements	03/30/17	738,100		95,165						83,776
05-19	Various Improvements	05/08/19	420,500		34,041						34,041
5-20	DPW loader and Ambulance	06/10/20	390,000								
7-21	Various Improvements	04/26/21	1,017,000		35,059						6,810
8-21	Acquisition of DPW Equipment	04/26/21	200,000		25,716						17,520
3-22	Improvement of Stormwater	04/25/22	47,000		450						450
9-22	Various Improvements	10/24/22	1,263,000		1,148,519						339,101
5-23	Various Improvements	04/12/23	1,171,790			\$ 90,336	\$ 1,081,454				206,243
7-23	Acquisition of Fire Truck	04/12/23	1,020,000			100,000	70,000				170,000
					<u>\$ 1,394,779</u>	<u>\$ 126,376</u>	<u>\$ 1,151,454</u>	<u>\$ 850,000</u>	<u>\$ 1,071,101</u>	<u>\$ 1,672,278</u>	<u>\$ 969,566</u>
	American Rescue Plan Grant						\$ 253,664				
	Morris County Historic Preservation Trust Fund						279,410				
	New Jersey Historic Trust						348,565				
	State of New Jersey-DOT Grants Receivable						199,815				
	Reserve for Purchase of Fire Truck						70,000				
							<u>\$ 1,151,454</u>				

BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOAN PAYABLE

NOT APPLICABLE



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BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Original Amount Issued	Issue of Original Note	Date of		Interest Rate	Balance Dec. 31, 2022	Issued	Matured	Balance Dec. 31, 2023	
				Issue	Maturity						
13-12	Various Improvements	\$ 1,187,436	07/12/13	07/01/22 06/30/23	06/30/23 06/29/24	2.75% 1.00%	\$ 188,036	\$ 125,540	\$ 188,036	\$ 125,540	
13-12	Various Improvements	27,720	07/03/19	07/01/22 06/30/23	06/30/23 06/29/24	2.75% 1.00%	27,720	26,260	27,720	26,260	
4-19	Various Improvements	130,000	05/08/19	07/01/22 06/30/23	06/30/23 06/29/24	2.75% 1.00%	120,000	113,157	120,000	113,157	
5-20	Acquisition of Equipment	370,500	09/04/20	07/01/22 06/29/23	06/30/23 06/28/24	2.75% 4.73%	370,500	360,540	370,500	360,540	
8-21	Acquisition of Equipment	105,000	07/02/21	07/01/22 06/30/23	06/30/23 06/29/24	2.75% 1.00%	105,000	105,000	105,000	105,000	
							\$ 811,256	\$ 730,497	\$ 811,256	\$ 730,497	
							Renewals Funded by Budget Appropriation		\$ 730,497	\$ 730,497	\$ 80,759
							\$ 730,497	\$ 730,497	\$ 811,256	\$ 811,256	

BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authori- zations	Balance Dec. 31, 2023
4-02/ 9-02	Various Improvements	\$ 49,170		\$ 49,170
17-04	Various Improvements	16,431		16,431
13-12	Various Improvements	42,280		42,280
7-23	Acquisition of Fire Truck	<u>                    </u>	<u>\$ 850,000</u>	<u>850,000</u>
		<u>\$ 107,881</u>	<u>\$ 850,000</u>	<u>\$ 957,881</u>

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
TRUST FUNDS

Receipt, custodianship and disbursement of funds in accordance  
with the purpose for which each reserve was created.

BOROUGH OF MENDHAM  
TRUST FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023  
 (With Comparative Totals for 2022)

	Animal Control Fund	Other Trust Fund	Public Assistance Fund	Payroll Fund	Totals	
					2023	2022
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 6,495	\$ 1,203,520	\$ 10,931	\$ 9,308	\$ 1,230,254	\$ 1,296,075
Interfunds Receivable		39,166			39,166	38,839
<b>TOTAL ASSETS</b>	<b>\$ 6,495</b>	<b>\$ 1,242,686</b>	<b>\$ 10,931</b>	<b>\$ 9,308</b>	<b>\$ 1,269,420</b>	<b>\$ 1,334,914</b>

	Animal Control Fund	Other Trust Fund	Public Assistance Fund	Payroll Fund	Totals	
					2023	2022
<u>LIABILITIES AND RESERVES</u>						
Interfunds Payable	\$ 302	\$ 37,780			\$ 38,082	\$ 85,302
Payroll Deductions and Withholdings				\$ 9,308	9,308	9,308
Reserve for Animal Control Fund Expenditures	6,193				6,193	10,593
Reserve for Other Trust Funds		1,204,906			1,204,906	1,218,780
Reserve for Public Assistance			\$ 10,931		10,931	10,931
<b>TOTAL LIABILITIES AND RESERVES</b>	<b>\$ 6,495</b>	<b>\$ 1,242,686</b>	<b>\$ 10,931</b>	<b>\$ 9,308</b>	<b>\$ 1,269,420</b>	<b>\$ 1,334,914</b>

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BOROUGH OF MENDHAM  
TRUST FUNDS  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Balance December 31, 2022		\$	10,593
Increased by:			
License Fees Collected		\$	5,704
Late Fees			452
			6,156
			16,749
Decreased by:			
Expenditures Under R.S.4:19-15.11			10,556
Balance December 31, 2023		\$	6,193

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 5,396
2022	5,702
	11,098
Maximum Allowable Reserve	\$ 11,098

BOROUGH OF MENDHAM  
TRUST FUNDS  
SCHEDULE OF OTHER TRUST RESERVES

	Balance Dec. 31, 2022	Receipts	Disbursements	Balance Dec. 31, 2023
Reserve for:				
Special Deposits	\$ 3,091	\$ 321	\$ 486	\$ 2,926
Special Engineering Deposits	26,310	18,079	2,839	41,550
State Unemployment Trust Fund	64,366	14,863	1,758	77,471
Phoenix House Trust	3,288			3,288
Parking Offenses Adjudication Act	2,507	14		2,521
Police Forfeiture Assets	6,680	296		6,976
Police Special Duty	45,529	235,532	233,462	47,599
Recreation Fund	17,580	112,002	106,569	23,013
Recycling Tonnage Fund	50,874		50,874	
Open Space	398,492	160,342	173,309	385,525
Housing Trust	244,729	10,635	8,762	246,602
Other Trust Funds	105,426	56,154	84,838	76,742
Tax Sale Premiums	16,600		2,600	14,000
Storm Recovery	80,791	4,431		85,222
Compensated Absences	32,500			32,500
Self Insurance	84,000			84,000
Police Donations	35,000	30,282		65,282
Third Party Liens	1,017	4,665	5,682	
Police Youth Fishing		12,895	6,112	6,783
Mendham Fest Event		4,000	1,094	2,906
Total	<u>\$ 1,218,780</u>	<u>\$ 664,511</u>	<u>\$ 678,385</u>	<u>\$ 1,204,906</u>

BOROUGH OF MENDHAM  
TRUST FUNDS  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance December 31, 2022	\$ 10,931
Increased by Receipts:	
Interest	475
	<hr/> 11,406
Decreased by Disbursements:	
Due to Current Fund	475
	<hr/>
Balance December 31, 2023	<u>\$ 10,931</u>



BOROUGH OF MENDHAM  
PAYROLL FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,308	\$ 4,220,315	\$ 4,220,315	\$ 9,308
TOTAL ASSETS	<u>\$ 9,308</u>	<u>\$ 4,220,315</u>	<u>\$ 4,220,315</u>	<u>\$ 9,308</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 9,308	\$ 4,220,315	\$ 4,220,315	\$ 9,308
TOTAL LIABILITIES	<u>\$ 9,308</u>	<u>\$ 4,220,315</u>	<u>\$ 4,220,315</u>	<u>\$ 9,308</u>

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
UTILITY OPERATING FUNDS

Accounts for the operation of the municipally owned Sewer Utility.

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BOROUGH OF MENDHAM  
UTILITY OPERATING FUNDS  
COMPARATIVE BALANCE SHEET

	Sewer Utility Operating Fund	
	December 31,	
<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,028,453	\$ 1,021,641
Change Fund	100	100
	<u>1,028,553</u>	<u>1,021,741</u>
Interfund Receivable	3,288	920
Due from State of New Jersey	978	
Receivables with Full Reserves:		
Consumer Accounts Receivable	199,845	90,515
	<u>199,845</u>	<u>90,515</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,232,664</u></u>	<u><u>\$ 1,113,176</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities:		
Appropriation Reserves:		
Unencumbered	\$ 296,236	\$ 373,204
Encumbered	67,910	72,797
Total Appropriation Reserves	<u>364,146</u>	<u>446,001</u>
Interfund Payable		2,308
Accounts Payable - Vendors	57,564	49,687
Accrued Interest on Bonds and Notes	2,368	
Sewer Rent Overpayments	12,247	
	<u>436,325</u>	<u>497,996</u>
Reserve for Receivables	200,823	90,515
Fund Balance	595,516	524,665
	<u>595,516</u>	<u>524,665</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>	<u><u>\$ 1,232,664</u></u>	<u><u>\$ 1,113,176</u></u>

BOROUGH OF MENDHAM  
UTILITY OPERATING FUNDS  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	<u>Sewer Utility Operating Fund</u> <u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 206,146	\$ 206,146
Sewer Fees and Charges	1,541,873	1,639,900
Miscellaneous Revenue	66,475	19,086
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	318,643	186,939
Total Income	<u>2,133,137</u>	<u>2,052,071</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	1,619,731	1,550,576
Capital Improvements	165,000	220,000
Statutory Expenditures	71,409	64,000
Total Expenditures	<u>1,856,140</u>	<u>1,834,576</u>
Excess in Revenue	276,997	217,495
<u>Fund Balance</u>		
Balance January 1	<u>524,665</u>	<u>513,316</u>
	801,662	730,811
Decreased by:		
Utilized as Anticipated Revenue	<u>206,146</u>	<u>206,146</u>
Balance December 31	<u><u>\$ 595,516</u></u>	<u><u>\$ 524,665</u></u>

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BOROUGH OF MENDHAM  
UTILITY OPERATING FUNDS  
STATEMENT OF REVENUES  
YEAR ENDED DECEMBER 31, 2023

	Sewer Utility Operating Fund	
	Anticipated	Realized
Fund Balance Anticipated	\$ 206,146	\$ 206,146
Sewer Fees and Charges	1,614,595	1,525,474
Miscellaneous Revenue	19,000	66,475
Additional Sewer Fees and Charges	16,399	16,399
	\$ 1,856,140	\$ 1,814,494

Analysis of Miscellaneous Revenue:

Interest on Investments	\$ 41,702
Interest Due From Sewer Utility Capital Fund	14,695
Sewer Connection Fees	531
Delinquent Payment Penalties	6,397
Sewer Allocation	3,150
	\$ 66,475

Analysis of Sewer Fees and Charges:

Cash Collected and Overpayments Applied	\$ 1,541,873
	\$ 1,541,873

BOROUGH OF MENDHAM  
UTILITY OPERATING FUNDS  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2023

	Sewer Utility Operating Fund			
	Appropriations		Expended by	
	Budget	Budget After Modi- fication	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 459,133	\$ 459,133	\$ 449,605	\$ 9,528
Other Expenses	1,160,598	1,160,598	874,426	286,172
Total Operating	1,619,731	1,619,731	1,324,031	295,700
Capital Improvements:				
Capital Improvement Fund	165,000	165,000	165,000	
Total Capital Improvements	165,000	165,000	165,000	
Statutory Expenditures:				
Social Security System (O.A.S.I.)	31,000	31,000	30,464	536
Public Employees' Retirement System	37,409	37,409	37,409	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	3,000	3,000	3,000	
Total Statutory Expenditures	71,409	71,409	70,873	536
	\$ 1,856,140	\$ 1,856,140	\$ 1,559,904	\$ 296,236

Analysis of Paid or Charged:

Cash Disbursed	\$ 1,491,994
Outstanding Encumbrances	67,910
	\$ 1,559,904

BOROUGH OF MENDHAM  
UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2022	\$ 90,515
Increased by:	
Sewer Charges Levied	<u>1,651,203</u>
	1,741,718
Decreased by:	
Collections and Overpayments Applied	<u>1,541,873</u>
Balance December 31, 2023	<u><u>\$ 199,845</u></u>

BOROUGH OF MENDHAM  
UTILITY OPERATING FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 16,612	\$ 16,612	\$ 1,181	\$ 15,431
Other Expenses	417,578	417,578	123,177	294,401
Social Security	6,263	6,263		6,263
Public Employees' Retirement System	2,548	2,548		2,548
Unemployment Compensation	3,000	3,000	3,000	
	<u>\$ 446,001</u>	<u>\$ 446,001</u>	<u>\$ 127,358</u>	<u>\$ 318,643</u>

Analysis of Balance:

Unencumbered	\$ 373,204
Encumbered	72,797
	<u>\$ 446,001</u>

Analysis of Paid or Charged:

Cash Disbursed	\$ 117,109
Accounts Payable	10,249
	<u>\$ 127,358</u>



BOROUGH OF MENDHAM  
UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Balance December 31, 2022	\$ -0-
Increased by:	
Charged to Improvement Authorizations	<u>2,368</u>
Balance December 31, 2023	<u><u>\$ 2,368</u></u>

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
UTILITY CAPITAL FUNDS

Accounts for the acquisition of capital facilities of the  
municipally owned sewer utility

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BOROUGH OF MENDHAM  
UTILITY CAPITAL FUNDS  
COMPARATIVE BALANCE SHEET

	Sewer Utility Capital Fund	
	December 31,	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 361,422	\$ 235,926
Fixed Capital	14,542,077	14,542,077
Fixed Capital Authorized and Uncompleted	<u>7,385,000</u>	<u>5,745,000</u>
 TOTAL ASSETS	 <u>\$ 22,288,499</u>	 <u>\$ 20,523,003</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
Loan Payable - NJ I-Bank - Project in Progress	\$ 343,993	\$ 2,291,828
New Jersey Environmental Infrastructure Trust		
Loans Payable	2,308,222	
Improvement Authorizations:		
Funded	511,489	539,644
Unfunded	3,557,222	2,291,326
Interfund Payable	3,288	920
Capital Improvement Fund	50,208	50,208
Reserve for:		
Amortization	14,542,077	14,542,077
Deferred Amortization	835,000	670,000
Payment of Debt Service	1,336	1,336
Fund Balance	<u>135,664</u>	<u>135,664</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 <u>\$ 22,288,499</u>	 <u>\$ 20,523,003</u>

BOROUGH OF MENDHAM  
UTILITY CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2023
		Miscel- laneous	Budget Appropriation	Improvement Authori- zations	Miscel- laneous	From	To	
Capital Fund Balance	\$ 135,664							\$ 135,664
Capital Improvement Fund	50,208		\$ 165,000		\$ 165,000			50,208
Due (from)/to Sewer Utility Operating Fund	920	\$ 14,695			\$ 14,695	\$ 2,368		3,288
Loan Payable - NJ I-Bank - Project in Progress	2,291,828	360,387			2,652,215			
Reserve to Pay Debt Service	1,336							1,336
<u>Improvement Authorizations:</u>								
Ord.								
No.								
05-18	Improvement of the Sanitary Sewerage System							3,957
09-19	Acquisition of New Vehicle							1,196
11-19;								
14-23	Improvement of the Sewerage System							(2,783,675)
04-20	Improvement of the Sanitary Sewerage System				\$ 206,736	2,368	2,652,215	(340,564)
11-21	Improvement of the Sanitary Sewerage System							5,957
06-22	Improvement of the Sanitary Sewerage System					1,430		47,507
06-23	Improvement of the Sanitary Sewerage System				140,647			338,951
					51,078		165,000	113,922
					\$ 399,891	\$ 2,819,583	\$ 2,819,583	\$ 361,422
		\$ 235,926	\$ 375,082	\$ 165,000	\$ 14,695	\$ 2,819,583	\$ 2,819,583	\$ 361,422

MENDHAM BOROUGH  
UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF MENDHAM  
UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

NOT APPLICABLE

MENDHAM BOROUGH  
UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ -0-
Increased by:		
2023 NJEIT Loan Issued		<u>2,308,222</u>
Balance December 31, 2023	E	<u>\$ 2,308,222</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2023  
Trust Loan - 2023 Issue (2023A-W1)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 1,511,232
1	08/01/24		\$ 37,885	1,511,232
2	02/01/25		26,638	1,511,232
3	08/01/25	\$ 25,000	26,638	1,486,232
4	02/01/26		26,013	1,486,232
5	08/01/26	30,000	26,013	1,456,232
6	02/01/27		25,263	1,456,232
7	08/01/27	30,000	25,263	1,426,232
8	02/01/28		24,513	1,426,232
9	08/01/28	30,000	24,513	1,396,232
10	02/01/29		23,763	1,396,232
11	08/01/29	30,000	23,763	1,366,232
12	02/01/30		23,013	1,366,232
13	08/01/30	30,000	23,013	1,336,232
14	02/01/31		22,263	1,336,232
15	08/01/31	40,000	22,263	1,296,232
16	02/01/32		21,263	1,296,232
17	08/01/32	40,000	21,263	1,256,232
18	02/01/33		20,263	1,256,232
19	08/01/33	40,000	20,263	1,216,232
20	02/01/34		19,263	1,216,232
21	08/01/34	40,000	19,263	1,176,232
22	02/01/35		18,263	1,176,232
23	08/01/35	45,000	18,263	1,131,232
24	02/01/36		17,138	1,131,232
25	08/01/36	49,021	17,138	1,082,211
26	02/01/37		16,396	1,082,211
27	08/01/37	49,006	16,396	1,033,205
28	02/01/38		15,653	1,033,205
29	08/01/38	48,991	15,653	984,214
30	02/01/39		14,911	984,214
31	08/01/39	53,976	14,911	930,238
32	02/01/40		14,093	930,238
33	08/01/40	53,861	14,093	876,377

MENDHAM BOROUGH  
UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE  
(Continued)

Schedule of Principal and Interest Payments Outstanding December 31, 2023  
Trust Loan - 2023 Issue (2023A-W1)

Payment Number	Due	Principal	Interest	Loan Balance
34	02/01/41		\$ 13,277	\$ 876,377
35	08/01/41	\$ 53,743	13,277	822,634
36	02/01/42		12,463	822,634
37	08/01/42	58,622	12,463	764,012
38	02/01/43		11,575	764,012
39	08/01/43	58,398	11,575	705,614
40	02/01/44		10,690	705,614
41	08/01/44	63,167	10,690	642,447
42	02/01/45		9,733	642,447
43	08/01/45	62,831	9,733	579,616
44	02/01/46		8,781	579,616
45	08/01/46	67,485	8,781	512,131
46	02/01/47		7,759	512,131
47	08/01/47	67,030	7,759	445,101
48	02/01/48		6,743	445,101
49	08/01/48	66,561	6,743	378,540
50	02/01/49		5,735	378,540
51	08/01/49	71,078	5,735	307,462
52	02/01/50		4,658	307,462
53	08/01/50	75,481	4,658	231,981
54	02/01/51		3,515	231,981
55	08/01/51	74,768	3,515	157,213
56	02/01/52		2,382	157,213
57	08/01/52	79,034	2,382	78,179
58	02/01/53		1,184	78,179
59	08/01/53	78,179	1,184	-0-
		\$ 1,511,232	\$ 892,296	



MENDHAM BOROUGH  
UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2023  
Fund Loan - 2023 Issue

Payment Number	Due	Principal	Loan Balance
			\$ 796,990
1	08/01/24	\$ 17,910	779,080
2	02/01/25	8,955	770,125
3	08/01/25	17,910	752,215
4	02/01/26	8,955	743,260
5	08/01/26	17,910	725,350
6	02/01/27	8,955	716,396
7	08/01/27	17,910	698,486
8	02/01/28	8,955	689,531
9	08/01/28	17,910	671,621
10	02/01/29	8,955	662,666
11	08/01/29	17,910	644,756
12	02/01/30	8,955	635,801
13	08/01/30	17,910	617,891
14	02/01/31	8,955	608,936
15	08/01/31	17,910	591,026
16	02/01/32	8,955	582,071
17	08/01/32	17,910	564,161
18	02/01/33	8,955	555,207
19	08/01/33	17,910	537,297
20	02/01/34	8,955	528,342
21	08/01/34	17,910	510,432
22	02/01/35	8,955	501,477
23	08/01/35	17,910	483,567
24	02/01/36	8,955	474,612
25	08/01/36	17,910	456,702
26	02/01/37	8,955	447,747
27	08/01/37	17,910	429,837
28	02/01/38	8,955	420,882
29	08/01/38	17,910	402,972
30	02/01/39	8,955	394,018
31	08/01/39	17,910	376,108
32	02/01/40	8,955	367,153
33	08/01/40	17,910	349,243
34	02/01/41	8,955	340,288
35	08/01/41	17,910	322,378
36	02/01/42	8,955	313,423
37	08/01/42	17,910	295,513
38	02/01/43	8,955	286,558
39	08/01/43	17,910	268,648
40	02/01/44	8,955	259,693
41	08/01/44	17,910	241,784
42	02/01/45	8,955	232,829
43	08/01/45	17,910	214,919
44	02/01/46	8,955	205,964
45	08/01/46	17,910	188,054

MENDHAM BOROUGH  
UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2023  
Fund Loan - 2023 Issue

Payment Number	Due	Principal	Loan Balance
46	02/01/47	\$ 8,955	\$ 179,099
47	08/01/47	17,910	161,189
48	02/01/48	8,955	152,234
49	08/01/48	17,910	134,324
50	02/01/49	8,955	125,369
51	08/01/49	17,910	107,459
52	02/01/50	8,955	98,504
53	08/01/50	17,910	80,595
54	02/01/51	8,955	71,640
55	08/01/51	17,910	53,730
56	02/01/52	8,955	44,775
57	08/01/52	17,910	26,865
58	02/01/53	8,955	17,910
59	08/01/53	17,910	-0-
		<u>\$ 796,990</u>	



BOROUGH OF MENDHAM  
UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2022	Fixed Capital Authorized	Balance Dec. 31, 2023
11-21	Improvement of Sewerage System	08/23/21	\$ 126,000		\$ 126,000
6-22	Improvement of Sewerage System	06/27/22	544,000		544,000
6-23	Improvement of Sewerage System	04/12/23		\$ 165,000	165,000
			<u>\$ 670,000</u>	<u>\$ 165,000</u>	<u>\$ 835,000</u>

BOROUGH OF MENDHAM  
UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2023

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authori zations	Loans Issued	Balance Dec. 31, 2023
11-19; 14-23	Improvement of Sewerage System	\$ 2,783,172	\$ 1,475,000	\$ 360,387	\$ 3,897,785
		<u>\$ 2,783,172</u>	<u>\$ 1,475,000</u>	<u>\$ 360,387</u>	<u>\$ 3,897,785</u>

BOROUGH OF MENDHAM  
COUNTY OF MORRIS  
2023  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MENDHAM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF GENERAL FIXED ASSETS

<u>GENERAL FIXED ASSETS:</u>	December 31,	
	2023	2022
Assets:		
Land	\$ 1,767,500	\$ 1,767,500
Buildings and Building Improvements	3,535,152	3,535,152
Machinery and Equipment	6,098,522	6,539,129
Total Assets	\$ 11,401,174	\$ 11,841,781
RESERVES:		
Reserve for General Fixed Assets	\$ 11,401,174	\$ 11,841,781
Total Reserves	\$ 11,401,174	\$ 11,841,781

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BOROUGH OF MENDHAM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Land	\$ 1,767,500			\$ 1,767,500
Buildings and Building Improvements	3,535,152			3,535,152
Machinery and Equipment	6,539,129	\$ 157,863	\$ 598,470	6,098,522
Total	<u>\$ 11,841,781</u>	<u>\$ 157,863</u>	<u>\$ 598,470</u>	<u>\$ 11,401,174</u>



**STATISTICAL SECTION  
(Unaudited)**

Table 1

BOROUGH OF MENDHAM  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION  
LAST TEN YEARS  
UNAUDITED

EXPENDITURES	YEAR ENDED DECEMBER 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Current Fund:</b>										
General Government	\$ 2,380,996	\$ 2,263,847	\$ 2,370,654	\$ 2,335,896	\$ 2,330,681	\$ 2,410,004	\$ 2,536,443	\$ 2,687,499	\$ 2,902,156	\$ 3,144,502
Public Safety	2,049,109	2,057,174	2,072,341	2,101,259	2,122,405	2,253,232	2,240,111	2,408,867	2,788,133	2,627,254
Streets and Roads	874,333	971,423	1,027,497	1,017,440	1,057,925	1,097,972	1,141,362	1,007,016	1,142,629	1,072,757
Health and Welfare	101,482	98,277	97,946	102,766	100,768	98,688	106,755	105,375	100,500	113,912
Recreation and Education	103,971	91,350	81,531	77,170	159,900	273,250	170,895	162,837	176,950	98,845
Deferred Charges and Statutory Expenditures	721,738	624,886	654,594	675,879	721,079	733,622	759,950	842,323	969,833	981,300
Capital	133,000	320,000	320,000	320,000	370,000	375,000	453,000	1,027,000	596,336	444,000
Debt Service	638,594	752,471	756,275	757,332	748,934	603,091	603,904	588,601	85,007	103,069
Reserve for Uncollected Taxes	709,685	709,685	723,885	731,085	738,395	745,705	745,705	745,705	745,705	745,705
<b>Current Fund Budget Totals</b>	<b>7,712,908</b>	<b>7,889,113</b>	<b>8,104,723</b>	<b>8,118,847</b>	<b>8,350,087</b>	<b>8,590,564</b>	<b>8,758,125</b>	<b>9,575,223</b>	<b>9,507,249</b>	<b>9,331,344</b>
<b>Utility Operating Funds:</b>										
Utility Operations	1,252,384	1,256,641	1,295,200	1,324,932	1,336,705	1,317,565	1,374,227	1,394,114	1,550,576	1,619,731
Deferred Charges and Statutory Expenditures	53,516	53,516	55,449	56,234	57,414	56,212	59,000	58,000	64,000	71,409
Capital	75,000	75,000	25,000	75,000	120,000	75,000	75,000	71,000	220,000	165,000
Debt Service	542,151	523,312	539,757	525,842	293,763	294,842	294,386	295,165		
<b>Utility Operating Fund Budget Totals</b>	<b>1,923,051</b>	<b>1,908,469</b>	<b>1,915,406</b>	<b>1,982,008</b>	<b>1,807,882</b>	<b>1,745,619</b>	<b>1,802,613</b>	<b>1,818,279</b>	<b>1,834,576</b>	<b>1,856,140</b>
<b>County Taxes</b>	<b>3,488,056</b>	<b>3,507,990</b>	<b>3,502,567</b>	<b>3,581,574</b>	<b>3,582,288</b>	<b>3,564,076</b>	<b>3,538,656</b>	<b>3,411,392</b>	<b>3,515,405</b>	<b>3,622,053</b>
<b>Local and Regional School Taxes</b>	<b>16,687,635</b>	<b>17,255,946</b>	<b>17,732,026</b>	<b>18,383,927</b>	<b>18,702,616</b>	<b>18,836,937</b>	<b>19,333,567</b>	<b>19,662,353</b>	<b>20,032,437</b>	<b>20,540,675</b>
<b>Municipal Open Space Taxes</b>	<b>109,594</b>	<b>109,594</b>	<b>109,594</b>	<b>109,769</b>	<b>109,769</b>	<b>109,982</b>	<b>109,677</b>	<b>109,840</b>	<b>109,648</b>	<b>109,921</b>
<b>Other Expenditures</b>	<b>320,393</b>	<b>140,000</b>	<b>280,072</b>	<b>155,735</b>	<b>652,972</b>	<b>416,573</b>	<b>50,078</b>	<b>61,313</b>	<b>2,610</b>	<b>217,478</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 30,241,637</b>	<b>\$ 30,811,112</b>	<b>\$ 31,644,388</b>	<b>\$ 32,331,860</b>	<b>\$ 33,205,614</b>	<b>\$ 33,263,751</b>	<b>\$ 33,592,716</b>	<b>\$ 34,638,400</b>	<b>\$ 35,001,925</b>	<b>\$ 35,677,611</b>

Source: Borough records.

Table 2

BOROUGH OF MENDHAM  
GOVERNMENTAL FUND REVENUE BY SOURCE  
LAST TEN YEARS  
UNAUDITED

REVENUE	YEAR ENDED DECEMBER 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Fund:										
Fund Balance Anticipated	\$ 1,323,918	\$ 1,423,918	\$ 1,517,024	\$ 1,508,817	\$ 1,627,630	\$ 1,685,712	\$ 1,713,212	\$ 2,181,988	\$ 1,956,988	\$ 1,460,000
Miscellaneous Revenue	807,587	799,084	1,032,109	834,866	763,343	824,650	878,191	1,009,707	1,176,248	1,700,899
Receipts from Delinquent Taxes	176,378	159,645	209,055	167,304	108,883	116,213	68,902	125,443	112,734	77,570
Receipts from Current Taxes	6,172,724	6,195,828	6,405,531	6,527,993	6,740,423	6,716,455	6,808,813	7,023,171	7,158,293	7,326,881
Current Fund Budget Totals	8,480,607	8,578,475	9,163,719	9,038,980	9,240,279	9,343,030	9,469,118	10,340,309	10,404,263	10,565,350
Utility Operating Funds:										
Fund Balance Anticipated	432,869	426,607	399,607	451,292	156,542	174,674	206,146	206,146	206,146	206,146
Water and Sewer Rents	1,604,590	1,596,432	1,561,543	1,589,175	1,581,208	1,564,116	1,589,986	1,627,095	1,639,900	1,541,873
Miscellaneous Revenue	27,760	19,900	22,822	49,622	37,060	36,015	51,080	25,477	19,086	66,475
Utility Operating Fund Budget Totals	2,065,219	2,042,939	1,983,972	2,090,089	1,774,810	1,774,805	1,847,212	1,858,718	1,865,132	1,814,494
Non-Budget Revenues	533,802	409,761	369,104	369,646	381,580	509,073	1,143,609	699,558	686,638	405,482
Other Credits to Income	641,454	761,330	560,649	515,146	798,487	961,755	896,095	701,542	726,397	1,025,421
Taxes Allocated to School, County and Open Space	20,285,285	20,873,530	21,344,187	22,075,270	22,394,673	22,510,995	22,981,900	23,183,585	23,657,490	24,272,649
TOTAL REVENUE	\$ 32,006,367	\$ 32,666,035	\$ 33,421,631	\$ 34,089,131	\$ 34,589,829	\$ 35,099,658	\$ 36,337,934	\$ 36,783,712	\$ 37,339,920	\$ 38,083,396

Source: Borough records.

Table 3

BOROUGH OF MENDHAM  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS  
UNAUDITED

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of		Ratio of Delinquent Taxes to Total Tax Levy
						Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	
2014	\$ 25,946,411	\$ 25,748,324	99.23%	\$ 176,378	\$ 25,924,702	99.92%	\$ 162,390	0.63%
2015	26,604,349	26,359,673	99.08%	159,645	26,519,318	99.68%	211,430	0.79%
2016	27,195,334	27,025,833	99.37%	209,055	27,234,888	100.15%	169,452	0.62%
2017	28,042,759	27,872,178	99.39%	167,304	28,039,482	99.99%	119,113	0.42%
2018	28,519,981	28,396,701	99.56%	108,883	28,505,584	99.95%	118,481	0.42%
2019	28,754,548	28,481,745	99.05%	116,213	28,597,958	99.46%	160,344	0.56%
2020	29,275,674	29,045,008	99.21%	68,902	29,113,910	99.45%	129,705	0.44%
2021	29,639,567	29,461,051	99.39%	125,443	29,586,494	99.82%	110,476	0.37%
2022	30,190,434	30,070,078	99.60%	110,476	30,180,554	99.97%	77,570	0.26%
2023	31,100,066	30,853,825	99.20%	77,570	30,931,395	99.46%	216,853	0.70%

Source: Tax Collector.

Table 4

BOROUGH OF MENDHAM  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN YEARS  
UNAUDITED

Year	West Morris Regional High School	Mendham School District	Mendham Borough	Morris County	Municipal Open Space	Total
2014	\$ 0.517	\$ 0.782	\$ 0.437	\$ 0.272	\$ 0.008	\$ 2.016
2015	0.535	0.809	0.444	0.273	0.009	2.070
2016	0.546	0.836	0.453	0.274	0.008	2.117
2017	0.572	0.862	0.461	0.280	0.008	2.183
2018	0.581	0.878	0.469	0.279	0.008	2.215
2019	0.584	0.894	0.481	0.280	0.008	2.247
2020	0.615	0.906	0.492	0.280	0.008	2.301
2021	0.627	0.930	0.506	0.271	0.008	2.342
2022	0.635	0.949	0.514	0.278	0.008	2.384
2023	0.656	0.971	0.532	0.287	0.008	2.454

Source: Tax Collector.

Table 5

BOROUGH OF MENDHAM  
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN YEARS  
UNAUDITED

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<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuations</u>	<u>Percent of Net Assessed to Estimated Full Cash Valuations</u>
2014	\$ 1,284,514,035	\$ 1,361,837,683	94.32%
2015	1,283,810,435	1,403,066,919	91.50%
2016	1,283,106,098	1,370,993,717	93.59%
2017	1,282,412,388	1,377,174,538	93.12%
2018	1,282,969,973	1,370,264,803	93.63%
2019	1,274,837,156	1,363,844,456	93.47%
2020	1,271,263,456	1,367,265,859	92.98%
2021	1,262,502,152	1,314,880,091	96.02%
2022	1,265,709,106	1,371,561,973	92.28%
2023	1,263,270,524	1,422,680,412	88.80%

Source: Abstract of Ratables, County Board of Taxation

Table 6

BOROUGH OF MENDHAM  
TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
UNAUDITED

Taxpayer	Type of Business	2023 Assessed Valuation	Percentage of Net Assessed Valuation
V-Fee Realty	Shopping Center	\$ 22,000,000	1.74%
Individual Taxpayer #1	Individual	8,564,900	0.68%
Roxiticus Golf Club	Golf and Tennis Club	8,003,500	0.63%
Holly RE LLC	Nursing Home	6,500,000	0.51%
Individual Taxpayer #2	Individual	5,682,500	0.45%
Individual Taxpayer #3	Individual	5,652,500	0.45%
Individual Taxpayer #4	Individual	5,202,900	0.41%
Individual Taxpayer #5	Individual	5,000,000	0.40%
Individual Taxpayer #6	Individual	4,779,200	0.38%
Individual Taxpayer #7	Individual	4,441,600	0.35%
Total		<u>\$ 75,827,100</u>	<u>5.99%</u>

Source: Tax Assessor

Table 7

BOROUGH OF MENDHAM  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2023  
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2023	\$ 1,536,565,684
2022	1,420,959,847
2021	<u>1,363,610,107</u>
	<u>\$ 4,321,135,638</u>
Average equalized valuation of taxable property	
	\$ 1,440,378,546
Borough borrowing margin (3.5% of \$1,440,378,546 )	
	\$ 50,413,249
Net debt as of December 31, 2023	
	<u>1,657,737</u>
Borough borrowing margin available	
	<u>\$ 48,755,512</u>

Source: Equalized valuation bases were provided by the Annual report of the State of New Jersey, Department of Treasury, Division of Taxation for 2023, 2022, and 2021.



Table 8

BOROUGH OF MENDHAM  
RATIO OF NET GENERAL OBLIGATION DEBT  
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA  
LAST TEN YEARS  
UNAUDITED

<u>Year</u>	<u>Population (*)</u>	<u>Assessed Value</u>	<u>Net General Obligation Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Net General Obligation Debt Per Capita</u>
2014	5,013	\$ 1,284,514,035	\$ 4,531,966	0.35%	\$ 904
2015	5,000	1,283,810,435	3,901,697	0.30%	780
2016	4,988	1,283,106,098	3,240,162	0.26%	699
2017	4,978	1,282,412,388	2,565,792	0.20%	515
2018	4,910	1,282,969,973	1,884,172	0.15%	384
2019	4,847	1,274,837,156	1,540,377	0.12%	318
2020	4,836	1,271,263,456	1,351,257	0.11%	279
2021	4,973	1,262,502,152	891,256	0.07%	179
2022	4,958	1,265,709,106	811,256	0.06%	164
2023	* 4,958	1,263,270,524	730,497	0.06%	147

Source: Borough of Mendham Records

(\*) Information provided by U.S. Bureau of the Census, Population Division, 2023 numbers not available, used 2022 as an estimate.

Table 9

BOROUGH OF MENDHAM  
RATIO OF DEBT SERVICE FOR BONDED DEBT  
(INCLUDING BOND ANTICIPATION NOTES) TO GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS  
UNAUDITED

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2014	\$ 945,997	\$ 234,748	\$ 1,180,745	\$ 30,241,637	3.90%
2015	1,096,091	179,692	1,275,783	30,811,112	4.14%
2016	1,146,891	149,141	1,296,032	31,644,388	4.10%
2017	1,153,249	129,925	1,283,174	32,331,860	3.97%
2018	941,265	101,432	1,042,697	33,205,614	3.14%
2019	816,265	81,669	897,934	33,263,751	2.70%
2020	836,264	62,026	898,290	33,592,716	2.67%
2021	853,002	30,764	883,766	34,638,400	2.55%
2022	80,000	5,007	85,007	35,001,925	0.24%
2023	80,759	22,310	103,069	35,677,611	0.29%

Source: Borough of Mendham Records

Table 10

BOROUGH OF MENDHAM  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

<u>Year</u>	<u>Unemployment Rate(**),(***)</u>	<u>Per Capita Income *,(***)</u>	<u>Population(*),(****)</u>
2014	4.70 %	\$ 83,876	5,013
2015	3.70 %	86,582	5,000
2016	3.80 %	86,582	4,988
2017	3.70 %	94,259	4,978
2018	3.50 %	98,842	4,910
2019	3.00 %	101,646	4,847
2020	6.20 %	102,227	4,836
2021	4.80 %	107,767	4,973
2022	3.00 %	107,767 ***	4,958
2023	3.00 % ****	107,767 ***	4,958 ****

Source: Borough of Mendham Records

- \* Indicates County information from the U.S. Department of Commerce
- (\*) Information provided by U.S. Bureau of Census, Population Division
- (\*\*) Information provided by N.J. Department of Labor
- (\*\*\*) Information not available for 2023 and 2022, used 2021 as an estimate
- (\*\*\*\*) Information not available for 2023, used 2022 as an estimate

Table 11

BOROUGH OF MENDHAM  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2023  
UNAUDITED

Date of Incorporation	May 15, 1906
Form of Government	Borough
Number of Employees	Full Time 33 Part Time 20
Area in square miles	6
Borough of Mendham Facilities and Services :	
Miles of streets	33.66
Number of street lights	205
Culture and Recreation:	
Community Centers	2
Parks	9
Park acreage	245
Tennis courts	4
Fire protection:	
Number of Stations	1
Number of Fire personnel and officers	58
Number of calls answered	231
Number of inspections conducted	331
Emergency medical services:	
Number of Stations	1
Number of Emergency medical personnel and officers	37
Number of calls answered	402
Police protection: Chief	
Number of stations	1
Number of police personnel and officers	14
Number of patrol units	10
Number of law violations	
Physical Arrests	24
Traffic violations	762
Parking violations	41
Sewerage System:	
Miles of sanitary sewers	32
Number of Lift Stations	4
Number of treatment plants	1
Number of service connections	1,673
Daily average treatment in gallons	285,000
Permitted daily capacity of treatment plant in gallons	450,000
Water System	Privately Owned
Facilities and services not included in the primary government:	
Cable Television System:	
Miles of service	20
Number of satellite receiving stations	25
Education:	
Number of elementary schools	2
Employees:	
Certified	65
Other	24

Source - Various Borough offices and servicing entities

**SINGLE AUDIT SECTION**

Schedule 1

BOROUGH OF MENDHAM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2023

Name of Federal Agency or Department	Name of Program	Assistance Listing Number	Grant Period		Grant #	Grant Award	Amount Received	Amount of Expenditures	Cumulative Amount of Expenditures
			From	To					
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - F.E.M.A. Tropical Storm Isaias	97.036	8/4/2020	8/4/2022	100-066-1200- C73-069820	\$ 149,555	\$ 625	\$ 625 *	\$ 149,555
	Disaster Grants - Hazard Mitigation - F.E.M.A. COVID-19 Pandemic	97.036	1/1/2020	5/11/2023	100-066-1200- C50-063710	2,890	2,890	2,890 *	2,890
	Subtotal - U.S. Department of Homeland Security					152,445	3,515	3,515	152,445
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	3/3/2021	12/31/2026	100-022-8030- 687-046010	507,328		306,273	306,273
	Subtotal - U.S. Department of Treasury					507,328		306,273	306,273
	TOTAL FEDERAL AWARDS					\$ 659,773	\$ 3,515	\$ 309,788	\$ 458,718

\* Expended in a prior year.

See Accompanying Notes to the Schedules of Expenditures of Federal and State Awards

BOROUGH OF MENDHAM  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Amount of Expenditures
			From	To				
Department of Law and Public Safety	Body Armor Replacement	718-066-1020 001-090160	01/01/23	12/31/24	\$ 1,145	\$ 1,145		
Subtotal - Department of Law and Public Safety								
Department of Environmental Protection	Clean Communities Act	765-042-4900 004-178910	01/01/21 01/01/22 01/01/23	12/31/23 12/31/23 12/31/24	11,510 11,815 13,251	\$ 4,237 3,808 3,864	\$ 11,510 11,815 3,864	
					36,576	11,909	27,189	
	Recycling Tonnage Grant	100-042-4910 224-238490	01/01/22 01/01/23	01/31/24 12/31/24	12,888 8,008	891 5,086	5,086	
					20,896	5,977	5,086	
	New Jersey Environmental Infrastructure Trust Fund Loan	N/A	01/01/21	12/31/23	5,075,000	209,104	2,992,778	
	Stormwater Assistance Grant	100-042-4850- 099-290400	01/01/23	12/31/24	25,000	15,000		
Subtotal - Department of Environmental Protection					5,157,472	226,990	3,025,063	
Department of Transportation	Local Municipal Aid 2022 - Florie Farm Road	480-078-6320- AO1-606282	01/01/22	12/31/24	339,000	323,673	339,000	
Subtotal - Department of Transportation					339,000	323,673	339,000	
Department of Community Affairs	Lead Grant Assistance Program	100-022-8020- 304-023110	01/01/23	12/31/23	3,100	3,100	3,100	
	New Jersey Historic Preservation Grant	N/A	01/01/23	12/31/24	348,565	110,020	110,020	
Subtotal - Department of the Community Affairs					351,665	113,120	113,120	
<b>TOTAL STATE AWARDS</b>					<b>\$ 5,849,282</b>	<b>\$ 400,891</b>	<b>\$ 663,783</b>	<b>\$ 3,477,173</b>
N/A - not available								

See Accompanying Notes to the Schedules of Expenditures of Federal and State Awards

BOROUGH OF MENDHAM  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Borough of Mendham under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with the requirements of 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 Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed 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. Pass-through identifying numbers are presented where available. The Borough has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. STATE LOANS OUTSTANDING

The Borough has the following loans outstanding as of December 31, 2023:

NJ I-Bank – Project in Progress	\$343,993
NJEIT Loans Payable	\$2,308,222

The Borough is in the process of repaying these loans. The Borough received \$2,652,215 as of December 31, 2023. Project expenditures in the current year totaled \$209,104. The project related to the loan is not complete.





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

Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Mendham  
Mendham, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Mendham, in the County of Morris (the "Borough") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated June 12, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2023-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Mendham  
Page 2

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough'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*.

### **The Borough's Responses to the Findings**

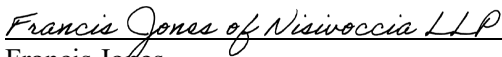
*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
June 12, 2024

NISIVOCCIA LLP

  
Francis Jones  
Certified Public Accountant  
Registered Municipal Accountant No. 442

BOROUGH OF MENDHAM  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for 2023 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2023-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; recording of collections; and processing of payroll.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

BOROUGH OF MENDHAM  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

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

Finding 2023-001 (Cont'd)

Segregation of Duties (Cont'd)

Recommendation

Accordingly, the duties of personnel involved with both the recording and treasury functions should be reviewed to determine whether duties can be reassigned to existing personnel in order to improve the segregation of duties.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Federal grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – State grant expenditures were below the single audit threshold.

BOROUGH OF MENDHAM  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2023

The prior year finding 2022-001 regarding segregation of duties was not resolved due to budgetary constraints and is included as a current year finding. The prior year finding 2022-002 regarding fixed assets was resolved in the current year.

**COMMENTS AND RECOMMENDATIONS  
SECTION**

BOROUGH OF MENDHAM  
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Mendham has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

BOROUGH OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Sewer Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent. In January 2023, the governing body adopted a resolution authorizing interest to be charged on delinquent taxes including the following:

BE IT RESOLVED by the Mayor and Council of the Borough of Mendham, County of Morris, and State of New Jersey, that the rate of interest on unpaid taxes shall be eight percent (8%) per annum on the first One Thousand Five Hundred (\$1,500) Dollars of delinquency and 18 percent (18%) per annum on any amount of delinquency in excess of One Thousand Five Hundred (\$1,500) Dollars to be calculated from the date the tax was payable until the date of actual payment; and

BE IT FURTHER RESOLVED, that the rate of interest on unpaid sewer bills shall be eight percent (8%) per annum to be calculated from the date the tax was payable until the date of actual payment, provided that no interest shall be charged if payment of any bill is made within thirty (30) days following the billing date, and

BE IT FURTHER RESOLVED, that in addition to the interest provided above, on all delinquencies of taxes and municipal charges in excess of Ten Thousand (\$10,000) Dollars and which are not paid prior to the end of the fiscal year; the Tax Collector shall also collect a penalty of six percent (6%) of the amount of the delinquency in addition to the interest herein above provided.

It appears from a test examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held during the year ended December 31, 2023. All eligible properties were included in the sale.



BOROUGH OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens (Cont'd)

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2023	3
2022	3
2021	3

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2023 Taxes	25
Payments of 2024 Taxes	25
Delinquent Taxes	10
Payments of Sewer Utility Charges	5
Delinquent Sewer Utility Charges	10

Verification notices were mailed to confirm balances as of December 31, 2023. The items that were returned were checked and in agreement with the Borough's records. For items not returned, alternative procedures were performed, as appropriate.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and recording system.

The Borough is in compliance with the New Jersey Administrative Code accounting requirements at December 31, 2023.

BOROUGH OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Purchase Orders

During the course of our audit testing, we noted several instances where purchases were made prior to the preparation and approval of purchase orders.

Recommendation

It is recommended that purchase orders be prepared and approved prior to the purchase of goods or services to ensure the availability of funds.

Management's Response

All purchase orders will be prepared and approved prior to the purchase of goods or services to ensure the availability of funds.

Payroll

During our review of payroll, it was noted that certain employee health benefit contributions were calculated using incorrect contribution percentages.

Recommendation

It is recommended that greater care be taken when calculating employee health benefit contributions.

Management's Response

The Borough will ensure that greater care will be taken when calculating employee health benefit contributions.

Municipal Court

The transactions for the year 2023 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Receipts</u>	<u>Dis-</u> <u>bursements</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
State of New Jersey	\$ 2,036	\$ 23,587	\$ 23,843	\$ 1,780
County	1,662	11,813	12,304	1,171
Municipality	3,137	27,715	28,492	2,360
Municipality POAA		1,465	1,465	
Conditional Dismissal		75	75	
Restitution		1,143	1,143	
Weights and Measures	1,350	14,550	15,900	
	<u>\$ 8,185</u>	<u>\$ 80,348</u>	<u>\$ 83,222</u>	<u>\$ 5,311</u>

BOROUGH OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions

Borough Personnel Manual

It was noted that deviations from the Borough's personnel manual may possibly have occurred during the year. This item requires additional time to be investigated further, and possible resolutions and/or recommendations will be determined as this item is resolved.

Fixed Asset Accounting and Reporting System

During our review of the Borough's fixed asset accounting and reporting system, it was noted that fixed asset records were not being maintained on a timely basis. It is suggested that the Borough's fixed asset accounting and reporting system be maintained on a timely basis.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee's pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2022 audit report. The prior year recommendations regarding segregation of duties and purchase orders were not resolved and are included as current year recommendations.

BOROUGH OF MENDHAM  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Purchase orders be prepared and approved prior to the purchase of goods or services to ensure the availability of funds.
3. Greater care be taken when calculating employee health benefit contributions.

\* \* \* \* \*