

BOROUGH
OF
MENDHAM

Borough of Mendham
County of Morris
Mendham, New Jersey

Annual Comprehensive Financial Report
For the Year Ended December 31, 2024

Annual Comprehensive
Financial Report

of the

BOROUGH OF MENDHAM

Mendham, New Jersey

YEAR ENDED DECEMBER 31, 2024

Prepared by

Borough of Mendham
Finance Department

BOROUGH OF MENDHAM
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024

INTRODUCTORY SECTION (Unaudited)

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	11
Roster of Officials	12
Consultants and Advisors	13
 <u>FINANCIAL SECTION</u>	 14
Independent Auditors' Report	15
 <u>FINANCIAL STATEMENTS</u>	 18
Combined Balance Sheet - All Fund Types and Account Groups - Regulatory Basis	19
Combined Statement of Revenue, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Current and Utility Operating Funds - Regulatory Basis	20
Notes to Financial Statements	21-47
 <u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES</u>	 48
Current Fund:	49
A Comparative Balance Sheet	50
A-1 Comparative Statement of Operations and Change in Fund Balance	51
A-2 Statement of Revenue	52
A-3 Statement of Expenditures	54
A-4 Schedule of Taxes Receivable and Analysis of Property Tax Levy	59
A-5 Schedule of 2023 Appropriation Reserves	60
A-6 Schedule of Grants Receivable	62
A-7 Schedule of Appropriated Grant Reserves	63
A-8 Schedule of Unappropriated Grant Reserves	64
General Capital Fund:	65
B Comparative Balance Sheet	66
B-1 Analysis of Cash	67
B-2 Schedule of Deferred Charges to Future Taxation - Unfunded	68
B-3 Schedule of Improvement Authorizations	69
B-4 Schedule of Green Acres Loan Payable (Not Applicable)	70
B-5 Schedule of Bond Anticipation Notes Payable	71
B-6 Schedule of Serial Bonds Payable (Not Applicable)	72
B-7 Schedule of Bonds and Notes Authorized but not Issued	73
Trust Funds:	74
C Combining Balance Sheet	75
C-1 Schedule of Reserve for Animal Control Fund Expenditures	76
C-2 Schedule of Other Trust Reserves	77
C-3 Schedule of Reserve for Public Assistance	78
C-4 Statement of Changes in Assets and Liabilities - Payroll Fund	79
Utility Operating Funds:	80
D Comparative Balance Sheet	81
D-1 Comparative Statement of Operations and Changes in Fund Balance	82
D-2 Statement of Revenues	83
D-3 Statement of Expenditures	84
D-4 Schedule of Consumer Accounts Receivable - Sewer Utility Operating Fund	85
D-5 Schedule of 2023 Appropriation Reserves - Sewer Utility Operating Fund	86
D-6 Schedule of Accrued Interest on Loans - Sewer Utility Operating Fund	87

BOROUGH OF MENDHAM
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024
 (Continued)

<u>FINANCIAL SECTION</u> (Cont'd)	<u>Page</u>
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES</u> (Cont'd)	
Utility Capital Funds:	88
E Comparative Balance Sheet	89
E-1 Analysis of Cash - Sewer Utility Capital Fund	90
E-2 Schedule of Serial Bonds Payable - Sewer Utility Capital Fund (Not Applicable)	91
E-3 Schedule of Bond Anticipation Notes Payable - Sewer Utility Capital Fund (Not Applicable)	92
E-4 Schedule of NJ Environmental Infrastructure Trust Loans Payable - Sewer Utility Capital Fund	93
E-5 Schedule of Improvement Authorization - Sewer Utility Capital Fund	97
E-6 Schedule of Deferred Reserve for Amortization - Sewer Utility Capital Fund	98
E-7 Schedule of Bonds and Notes Authorized but not Issued - Sewer Utility Capital Fund	99
General Fixed Assets Account Group:	100
F Schedule of General Fixed Assets	101
F-1 Schedule of Changes in General Fixed Assets	102
<u>STATISTICAL SECTION</u> (Unaudited)	103
Table	
1 Governmental Fund Expenditures by Function	104
2 Governmental Fund Revenue by Source	105
3 Property Tax Levies and Collections	106
4 Property Tax Rates - Direct and Overlapping Governments	107
5 Assessed and Estimated Actual Value of Property	108
6 Ten Largest Taxpayers	109
7 Computation of Legal Debt Margin	110
8 Ratio of Net General Obligation Debt to Assessed Value and Net General Obligation Debt Per Capita	111
9 Ratio of Debt Service for Bonded Debt (including Bond Anticipation Notes) to Government Expenditures	112
10 Demographic Statistics	113
11 Miscellaneous Statistics	114
<u>SINGLE AUDIT SECTION</u>	115
Schedule 1 - Schedule of Expenditures of Federal Awards	116
Schedule 2 - Schedule of Expenditures of State Awards	117
Note to Schedules of Expenditures of Federal and State Awards	118
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	119
Report on Compliance for Each Major State Program;	
Report on Internal Control Over Compliance Required by NJOMB 15-08	121
Schedule of Findings and Questioned Costs	124
Summary Schedule of Prior Audit Findings	126
<u>COMMENTS AND RECOMMENDATIONS SECTION</u>	127
Comments and Recommendations	128
Summary of Recommendations	133

INTRODUCTORY SECTION
(Unaudited)



The Borough of Mendham

"Preserving the Past - Building the Future"

mendhamnj.org

Office of the Borough Administrator

Joyce E. Bushman, AICP, QPA, MCRP, MPA

jbushman@mendhamnj.org

June 6, 2025

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, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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.

The historic Borough of Mendham, settled in the 1720s, 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 2024 population is an estimated 4,970 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 while the median home sale price is \$822,500. 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. Eighty-eight percent of residents are connected to the Borough sewer system.

Mendham Borough has multiple parks that provide athletic fields, tennis courts, picnic areas, outdoor basketball courts, and a turf soccer field. The borough has a volunteer fire department and first aid squad, along with an accredited police department. Other community services include a dedicated senior citizen center, and a public library. Five different churches are located in the Borough. Mendham Village Shopping Center is the main commercial center along with various boutique shops and restaurants all along Main Street. The municipality is served by Chase Bank, Peapack-Private Bank, Provident Bank, and Wells Fargo Bank.

While some residents work in local businesses, the Borough of Mendham is primarily a bedroom community served by the railroad stations in nearby Morristown and Bernardsville. A number of residents are professionals employed by large companies in the area, including Atlantic Health Systems, Novartis, Barclays, Bayer and ADP.

LOCAL SCHOOL DISTRICT: About 500 students are enrolled at the two elementary schools (PreK- Gr.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. In addition, specialized services are provided for students in need. A positive working and learning environment are fostered by securing the cooperation of parents and community groups. The school system has an excellent teaching staff and opportunities are provided for staff members, students, and parents to make recommendations concerning the operation of the schools. Hilltop Elementary School is designated as a National Blue Ribbon School.

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. Mendham High School is highly regarded for its college preparation with 92% of students considered college ready based on Advanced Placement (AP) and International Baccalaureate (IB) exam results. It also boasts a 100% graduation rate. The student-teacher ratio is 12:1. Mendham High School offers two highly regarded International Baccalaureate Programs: The Career-related Program and the Diploma Program. In addition, the high school has been recognized as a National Blue Ribbon School.

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. In March 2024, voters in the West Morris Regional High School District approved a \$26 million bond referendum to fund school building improvements, which included Mendham High School.

UTILITIES: Water is supplied by New Jersey American Water Company. Sewer services are provided through the Borough's Municipal Sewer Utility since 1965 and operated on a rate payer basis. Treatment is supplied by a modern activated sludge treatment plant of .450 million gallons per day permitted capacity. In 2023 the Utility initiated a \$6 million Plant and Collection System Improvement Program which will be completed in 2025. Gas is supplied by Public Service Electric & Gas Company (PSE&G). Utilities. Electricity is supplied by Jersey Central Power & Light (JCP&L.)

ECONOMIC CONDITION AND OUTLOOK: Mendham Borough has a population of about 4,970. It extends 6.7 square miles, with Mendham Township forming a horseshoe around it. The median household income is \$223,750, which is significantly higher than state and national average. Real estate prices have consistently increased, supporting the desirability of the Borough.

MAJOR INITIATIVES:

- **Board of Health**

- The BOH renewed its 5-year Shared Services Contract with the Bernards Township Health Department, which has been serving the Borough of Mendham for over 30 years. Following the BOH's successful transition in 2023 from Atlantic Health to the Community Visiting Nurse Association (CVNA), the BOH renewed its contract in 2024 with CVNA. The Borough continues to prioritize the health and well-being of its residents and has maintained these important partnerships to deliver essential public health nursing services to the Community.
- The BOH adopted a new meeting schedule for 2025 changing from monthly to quarterly meetings. This change reflects an effort to streamline operations while continuing to address public health matters effectively

- **Borough Clerks Office**

- The Clerk's Office initiated and completed the mandated decennial recodification of the Borough Code. The recodification process is a comprehensive review, update, and re-organization of the Borough's code to ensure consistency with current state and local laws and practices. Outdated provisions are revised or replaced, overlapping regulations clarified, and legislation passed over the past decade was reviewed to confirm integration into the code. The recodified code was simplified to enhance the public's On-Line Code experience. The revised code is scheduled to be adopted by the Council and published in late 2025.

- **Code Enforcement**

- The mandatory Landlord /Tenant Registrations were converted to electronic format and entered in the Spatial Data Logic Portal. The portal is used to store and track permits and registrations and is available to residents via the Borough website.
- During 2024 the CO also implemented the Borough Lead Inspection Program for which he obtained certification.

- **Construction Department**

- The Borough's Construction Official (CO) received the prestigious appointment as the President of the Morris County Code Officials Association in 2024.
- The Borough Construction Department consistently averages \$200,00 in yearly revenue.

- **Engineering Department**

- Completed a comprehensive review of the Borough's main thoroughfare and commercial area and developed a new Parking Signage Plan that was adopted by the Council. The plan creates a safer and more consistent parking corridor.
 - The Borough's thoroughfare had a mix of sections with permitted parking; no parking and parking permitted for certain areas. The Plan creates a consistent parking scheme, improves safety by prohibiting parking in the narrow areas and those impacted by rush hour traffic - primarily around the high school and balances safety with the parking needs of the business owners clustered around the Main Street/Hilltop Road intersection.

- **Finance**

- Per New Jersey State mandate, we researched, reconciled and transferred 25 years' worth of data into their new Affordable Housing Reporting Portal.
- Expanded the use of Remote Deposit capture machines to additional locations. The use of these machines provides timely deposit of check receipts and creates segregation of duties with the recording and treasury functions. Creates efficiency and eliminates the time to process and deposit physical checks.

- In late 2024, The Borough Financial Program, MSI released a new module that creates drawdown requisition against a prior approved blanket purchase order amount. This feature streamlines the purchasing process by reducing the number of Purchase Orders for repetitive purchases. It also simplifies compliance with purchasing rules that require Purchase Orders to be approved prior to receipt of goods and services.
- **Fire Department**
 - A new fire truck- Ferrara Cinder custom rescue pumper Model 22 is being built for delivery in 2025. It will replace two older model fire trucks; the Fire Truck Engine 2, a 1999 pumper, and Rescue 5, a 2003 rescue truck.
- **Fire Prevention Bureau**
 - The Borough Fire Official completed the State Fire Investigator Certification Program.
 - The Fire Prevention office aided homeowners who were unable to install either a fire extinguisher or smoke detectors on their own.
 - It continues to provide the highest standard of professional support to the fire department and police department with investigations.
- **First Aid Squad**
 - The Borough continues to provide for Emergency Medical and First Aid services through the all-volunteer Mendham First Aid Squad, which has been serving the Borough of Mendham for over 85 years.
 - The squad operates on a 24x7x365 basis and has an average of 400 calls/runs per year. It has Mutual Aid agreements with Mendham Township, Chester, Bernardsville, and Randolph, as well as emergency dispatch services through Morris County.
 - Mendham First Aid supports the emergency medical needs of residents and visitors alike; provides for firefighter safety, rehab and CPR training; and supports broad community events through operational standby commitments.
 - The squad continued its community-wide education on various health and safety topics, including bleeding control and CPR and AED usage, as well as supporting local scouting organizations in attaining First Aid badges and developing appropriate emergency management skills.
- **Historical Preservation Commission**
 - Received and decided on 33 applications: 19 commercial and 14 residential. Of those, 32 were approved and one was denied.
- **Human Resources**
 - The Borough appointed a Personnel Coordinator and consolidated all HR functions under the position. Previously several functions were shared between the Payroll Clerk, Administrator and CFO.
 - HR records were converted to electronic format.
 - HR also worked with the Morris County Joint Insurance Fund, that provides Borough Liability Insurance, to implement top-tier cyber security. Updates have been made to the computer systems across all Borough facilities to protect against any cyber threat and employees have been trained on the most current cyber threats.

- **Joint Land Use Board**
 - Reviewed seven applications: four commercial and three residential. Prepared three planning reports for the Joint Land Use Board applications.

- **Municipal Building**
 - The Borough of Mendham received an additional two Historic Preservation grants totaling \$428,069 from the Morris County Historic Preservation Trust Fund and the Preserve New Jersey Historic Preservation Trust to continue the restoration of the historic 1810 Phoenix House. The Phoenix House serves as the Borough Municipal Building. The total grant money received for the project YTD is \$1,055,628.

- **NJ Clean Communities Program**
 - The Borough was awarded a \$15,051.81 grant. Since 2003 the Borough has received a total of \$224,275,96 in grant funding. New Jersey Clean Communities is a statewide litter-abatement program created in 1986. The program sponsors local clean-up and litter abatement events and education programs. The Borough held five children's educational assembly/events, two Borough litter cleanups done by local Girl Scouts and Boy Scout Troops and provided fifteen books to the Mendham Library to help educate our young children on litter abatement.

- **Parks and Open Space**
 - Scott Farm Park Barn Restoration
 - In 2024, the Borough of Mendham received an additional grant totaling \$434,845 from the Preserve New Jersey Historic Preservation Trust to restore and preserve the historic Stephen Carey Barn. The Barn is located on the Carey Farm Park on Mountainside Road. The barn restoration is an historic adaptive reuse project that will create a three-season activity room, a nature center and a viewing platform for residents to enjoy wildlife in the surrounding fields. The total grant money received for the project YTD is \$564,417.
 - The Borough was awarded a \$67,000 2024 State Local Recreational Improvement Grant for improvements to Patriots Path (Mountain Ave to Sewer Plant)
 - The Borough was awarded a \$28,000 2024 Morris County Trails Planning Grant Award for the Arboretum/Borough Park Walking Trail.

- **Police Department**
 - In 2024, our Police Department successfully completed the Department's 3rd Re-Accreditation through the New Jersey State Association of Chiefs of Police and the New Jersey Law Enforcement Accreditation Commission. The department has been accredited since 2016. Only eight percent of Police Departments achieve a third re-accreditation - a significant achievement. The Accreditation Program is designed to enhance professionalism and transparency in the state's public safety system.
 - After the retirement of the Chief of Police in 2024, The Borough Council appointed an Interim Safety Director along with an Officer-in -Charge. The Police Director's role includes mentorship to the Officer-in-Charge, leadership guidance to the department, guidance on Police Department operations, and running of the day-to-day operations of the Department.
 - The Officer-in-Charge and Safety Director began to plan for the future of the Mendham Borough Police Department. Part of this succession plan was the anticipated retirement of four additional officers in 2025. The hiring process began with establishing a team comprised of Sergeants and Patrolmen to conduct interviews of the applicants. The group of officers selected who they thought would be the best fit to serve the residents of Mendham Borough. This process was extensive as each candidate would bring something unique as a new employee.
 - The Department installed "See Me" flags at three different high pedestrian crossing locations in the Borough to enhance safety when crossing the busy streets.
 - The Borough received a \$50,000 CDBG grant for installation of automatic handicapped doors in the Police Building.

- **Public Works Department**
 - The Borough Annual Street Repaving repaved two streets totaling 7,250 LF and received a grant from the NJDOT Local Assistance Grant of \$199,815 to pave an additional two roads totaling 3215 LF.
 - The Department updated its fleet with a new Ford F550 Mason Dump equipped with a plow and tailgate salter through the Morris County Co-Op.

- **Recreation**
 - A full-time Recreation and Communications Coordinator was hired to enhance and expand recreation programs for the community.
 - The Borough expanded its Annual Mendham Fest held in October each year.
 - The Annual Recreation and Community Information Booklet was enhanced and expanded to provide residents with more information. The booklet is mailed to over 2,600 households.
 - Plans were developed to enhance and expand participation in the Mendham Borough Summer Camp.

- **Sewer Utility Billing**
 - An audit was completed in 2024 of multifamily housing to ensure properties are being billed for the correct number of dwelling units, confirm all non-well properties have a meter number assigned, and two-family units with only one water meter are billed per EDU for the maintenance fee part of the bill.
 - E-billing went live in 2024. Residents can sign up to receive their sewer bill via email. The goal of the program is to reduce mailing and printing costs. 1,545 sewer bills are calculated and sent out quarterly. The annual cost of paper bills is approximately \$10,000.

- **Stormwater Management Program**
 - 2024 represents the second year of the five-year Tier A MS4 permit that became effective on January 1, 2023. All benchmarks and deadlines have been met to date: No requirements are outstanding throughout the second year of the permit, 2024.
 - The 2024 requirements completed:
 - Community-wide ordinances. Two new ordinances were required, one for privately owned salt storage (adopted 9/13/2023) and tree removal/replacement (received NJDEP on 12/28/2023 that current ordinance met all new criteria)
 - Develop and update Stormwater Pollution Prevention Plan (and update annually thereafter): initial plan under the 2023 was submitted on December 14, 2023, and reviewed/updated on December 9, 2024
 - Develop and maintain dedicated stormwater webpage completed during 2023
 - Adoption of the required new Stormwater Control Ordinance to incorporate the new Inland Flood Protection Rule into the Stormwater Management Rules (N.J.A.C. 7:8). (Ordinance No. 04-2024, adopted 3/25/25)
 - Develop MS4 Infrastructure Map to include all municipally-owned or operated stormwater features and associated attributes, including: MS4 outfalls (receiving surface water name, type of outfall); MS4 ground water discharge points (type); MS4 interconnections (type into/from, entity); Storm drain inlets (type, catch basin present, label present, retrofitted); MS4 manholes; MS4 conveyance (type, direction of flow); MS4 pump stations; stormwater facilities (type); and property boundaries of maintenance yard(s) and other ancillary operations (type) by January 1, 2026. Approximately 75% of this project has been completed through 12/31/2024, with the remaining 25% on track for completion during 2025. Note: The Watershed Improvement Plan Phase I, also due by 1/1/2026, is being developed in tandem with the MS4 map.
 - All existing requirements carried from the prior permit have continued without interruption. This includes inspections, maintenance and repair of stormwater infrastructure, best practices for municipal maintenance yards, public education, etc. The expanded employee training implemented for stormwater management has greatly improved the level of awareness and proactive attention to stormwater issues in the Borough.

- **Tax Assessor Office**
 - The Tax Assessment List was made available online creating easier access for residents.
 - In 2024 the office reviewed and processed 72 sales transactions. The annual review of sales transactions ensures the Borough maintains the most accurate assessment ratio possible.
 - Confirmed 37 added assessments based on new construction and renovations.
 - Sent 32 tri-annual Further Statement Forms to all non-governmental exempt properties to review the status of the properties and make sure the exemptions were still warranted.

- **Tax Collector Office**
 - The Tax Bill was redesigned and included a QR code for a direct on-line payment link.

- **Tree City USA**
 - The Borough has been designated a Tree City USA community for 11 years. In 2024 it planted 35 trees and planted over 275 street trees under the program.

- **Water Reclamation Department (Sewer)**
 - The Borough received a NJ Infrastructure Bank Loan of \$6,000,000 in 2022 to improve the Water Reclamation Plant and Collection System

Plant Improvements

 - The NJ Infrastructure-Bank (I-Bank) Plant improvements were started in 2024 and are scheduled to be completed in 2025.
 - In 2024, the replacement of the aluminum Outfall Weir in the Oxidation Ditch was completed with a new 316 Stainless Steel Weir. The weir was converted to a fixed weir, increasing plant efficiency and no longer requiring the need to adjust the liquid level on the tank manually.

Collection System Improvements

 - Phase I was the completion of the Collection System Improvements in 2023. The Department implemented in 2024 a new Annual Collection System Inspection and Maintenance Program. The collection system was broken down into six basin areas. One basin area is inspected annually on a 6 year repeat rotating schedule.
 - Basin Area I was started in the June of 2024 with a NASSCO Level 2 inspection of 67 manholes using a 360-degree viewing platform. NASSCO certified Team members perform defect coding and assemble the NASSCO-compliant MACP Database. It included the use of 13 I-tracker flow level monitoring devices that are used to compare flow levels during wet weather events compared to dry weather periods to identify areas of greatest concern for I&I. The Data collected will be used in 2025 to determine what sections of Basin I need closer inspection and maintenance.
 - Under the Sewer Manhole Replacement Program, eight manhole frames were raised and leveled along West Main St. between Linden Lane and Hilltop Rd. During previous road resurfacing, the manholes had sunken down below the grade of the road creating an uneven surface. This was done in conjunction with the latest resurfacing done by Morris County to create a smooth driving surface.

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, 2024, the Borough has temporary debt of \$643,218 in the form of bond anticipation notes. The Borough also has \$2,290,312 in a permanent loan and \$2,348,572 in a temporary loan from the NJ I-Bank Program. In addition, the Borough has unissued capital debt of \$2,743,206, including \$1,893,206 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, 2024, 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 2023</u>	<u>Percent of Increase/ (Decrease)</u>
Fund Balance Anticipated	\$ 1,849,612	4.87%	\$ 183,466	11.01%
Sewer Rents	1,590,876	4.19%	49,003	3.18%
Miscellaneous Revenue	1,377,832	3.63%	(389,542)	-22.04%
Receipts from Delinquent Taxes	204,156	0.54%	126,586	163.19%
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>7,354,053</u>	<u>19.37%</u>	<u>27,172</u>	0.37%
Municipal Budget Totals-Revenue	12,376,529	32.60%	(3,315)	-0.03%
Nonbudget Revenue	437,766	1.15%	32,284	7.96%
Other Credits to Income	933,156	2.46%	(92,265)	-9.00%
Taxes Allocated to Schools, County and Open Space Trust	<u>24,219,985</u>	<u>63.79%</u>	<u>(52,664)</u>	-0.22%
Total	<u>\$ 37,967,436</u>	<u>100.00%</u>	<u>\$ (115,960)</u>	-0.30%

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 increased while still 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 decrease in budgeted revenue is primarily attributable to a decrease in federal and state grants anticipated. The decrease in revenue is primarily attributable to a decrease in federal and state grants, offset by increases in fund balance anticipated and receipts from delinquent taxes. The decrease in taxes allocated to schools, county and open space trust reflect decreases 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, 2024 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 2023</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
General Government	\$ 3,373,814	9.54%	\$ 229,312	7.29%
Public Safety	2,604,226	7.37%	(23,028)	-0.88%
Streets and Roads	1,083,330	3.06%	10,573	0.99%
Health and Welfare	108,262	0.31%	(5,650)	-4.96%
Recreation and Education	107,684	0.30%	8,839	8.94%
Deferred Charges and Statutory Expenditures	1,052,715	2.98%	6	0.00%
Utility Operating	1,653,513	4.68%	33,782	2.09%
Capital	183,500	0.52%	(425,500)	-69.87%
Debt Service:				
Principal	105,189	0.30%	24,430	30.25%
Interest	78,422	0.22%	56,112	251.51%
Reserve for Uncollected Taxes	<u>760,705</u>	<u>2.15%</u>	<u>15,000</u>	2.01%
Municipal Budget Totals-Expenditures	11,111,360	31.43%	(76,124)	-0.68%
County Taxes	3,797,501	10.74%	175,448	4.84%
Local and Regional School Taxes	20,312,499	57.45%	(228,176)	-1.11%
Municipal Open Space Taxes	109,985	0.31%	64	0.06%
Other Expenditures	<u>23,951</u>	<u>0.07%</u>	<u>(193,527)</u>	-88.99%
Total	<u>\$ 35,355,296</u>	<u>100.00%</u>	<u>\$ (322,315)</u>	-0.90%

The primary reason for the decrease in expenditures was the decrease in capital expenditures, school taxes and reserve for tax appeals offset by an increase in county taxes and general government operating expenditures.

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,

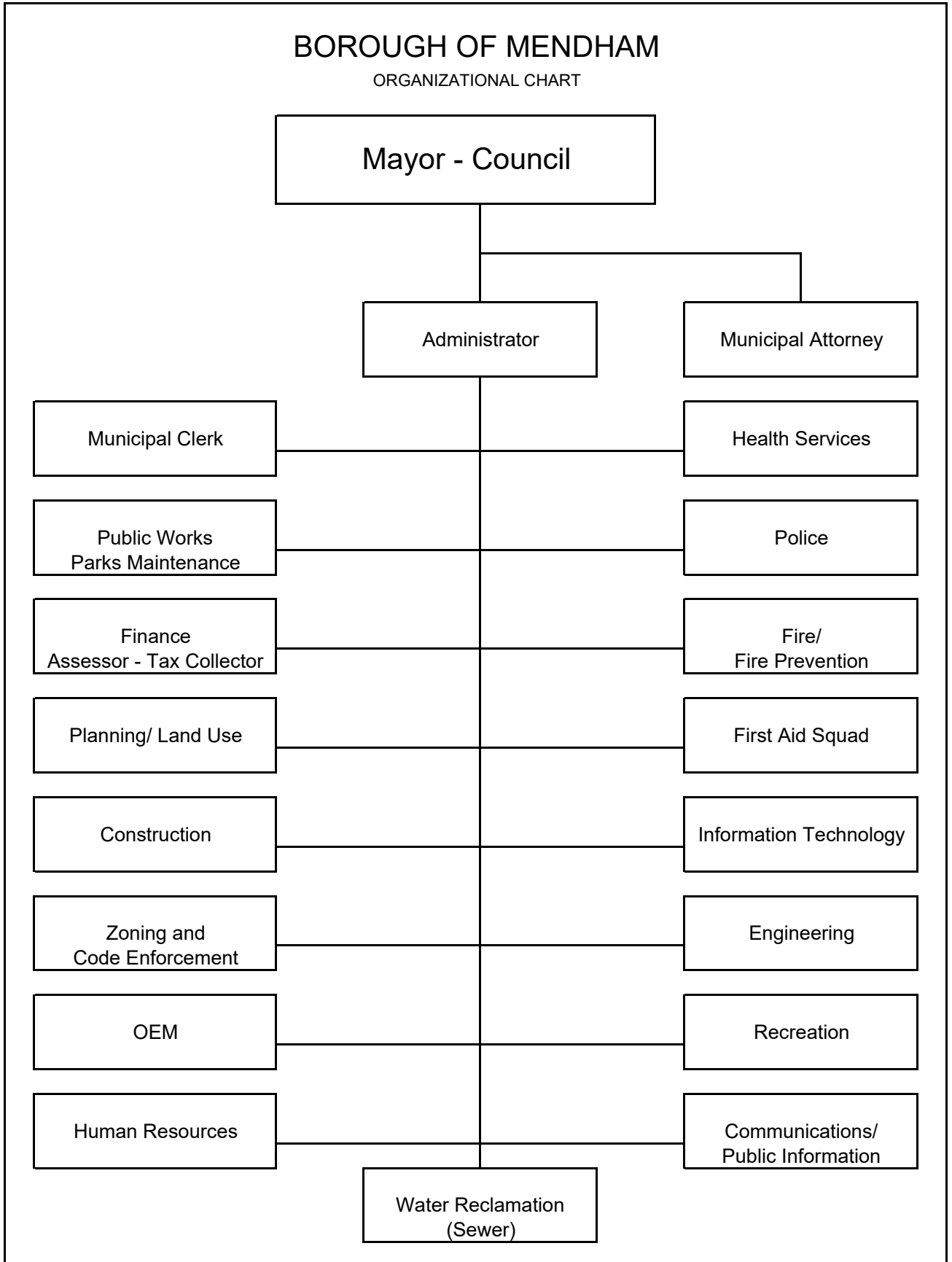
Joyce Bushman

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	James R. Kelly
Council Member	Neil Sullivan
Council Member	Marilyn Althoff
Council Member	William Russo
Council Member	Steven Andrew
Council Member	P. Brennan Reilly (to 6/2024)
Council Member	Matthew Bruin (from 7/2024)

Appointed Officials

Administrator	Joyce Bushman
Acting Municipal Clerk	Lauren McBride
Tax Collector/Tax Search Officer/ Public Utilities Clerk	Liz Holtz
Treasurer/Chief Financial Officer	Erick Mesias
Tax Assessor	Scott J. Holzhauer
Magistrate	Maryann McCoy
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, 2024 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 and account group of the Borough as of December 31, 2024 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, 2024 or the changes in financial position or where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the 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
Page 2

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 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the 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
Page 3

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 6, 2025 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 6, 2025

NISIVOCIA LLP

Francis Jones of Nisivoccia 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, 2024
 (With Comparative Totals for 2023)

ASSETS AND OTHER DEBITS:

						Account Group	Totals	
	Current Fund	General Capital Fund	Trust Fund	Utility Funds		General Fixed Assets	(Memorandum Only)	
				Operating	Capital		2024	(Restated) 2023
Assets:								
Cash and Cash Equivalents	\$ 6,657,096	\$ 536,622	\$ 1,287,021	\$ 1,098,728	\$ 697,130		\$ 10,276,597	\$ 9,571,231
Investments	292,638						292,638	369,957
Receivables and Other Assets:								
Property Taxes Receivable	242,392						242,392	216,853
Consumer Accounts Receivable				255,886			255,886	199,845
Federal and State Receivables	84,225	847,115		978			932,318	715,376
Interfund Receivables	38,588		39,229	3,288			81,105	435,858
Other Receivables	70,297	335,243					405,540	298,620
Property Acquired for Taxes at Assessed Valuation	2,900						2,900	2,900
Fixed Assets in General Fixed Assets Account Group						\$ 12,128,162	12,128,162	12,076,082
Total Assets	7,388,136	1,718,980	1,326,250	1,358,880	697,130	12,128,162	24,617,538	23,886,722
Other Debits:								
Deferred Charges:								
Deferred Charges to Future Taxation Fixed Capital		1,493,218					1,493,218	1,688,378
					21,977,077		21,977,077	21,927,077
Total Other Debits		1,493,218			21,977,077		23,470,295	23,615,455
Total Assets and Other Debits	\$ 7,388,136	\$ 3,212,198	\$ 1,326,250	\$ 1,358,880	\$ 22,674,207	\$ 12,128,162	\$ 48,087,833	\$ 47,502,177

LIABILITIES, RESERVES AND FUND BALANCE:

Appropriation Reserves	\$ 1,184,793			\$ 337,713			\$ 1,522,506	\$ 1,450,249
Improvement Authorizations		\$ 2,494,775			\$ 2,399,840		4,894,615	6,710,555
Payroll Deductions And Withholdings			\$ 9,308				9,308	9,308
Accounts Payable - Vendors	301,554	16,015		69,739			387,308	360,445
Interfund Payables	40,037		37,780		3,288		81,105	435,858
Reserves for Amortization					15,444,987		15,444,987	15,377,077
Various Liabilities and Reserves	1,396,607	56,771	1,279,162	25,600	51,544	\$ 12,128,162	14,937,846	15,098,297
Serial Bonds, Bond Anticipation Notes and Loans Payable		643,218					5,282,102	3,382,712
Reserve for Receivables and Other Assets	362,744			256,864			619,608	531,776
Fund Balance	4,102,401	1,419		668,964	135,664		4,908,448	4,145,900
Total Liabilities, Reserves and Fund Balances	\$ 7,388,136	\$ 3,212,198	\$ 1,326,250	\$ 1,358,880	\$ 22,674,207	\$ 12,128,162	\$ 48,087,833	\$ 47,502,177

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, 2024

	Current Fund			Utility Operating Fund		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
REVENUES:						
Fund Balance Anticipated	\$ 1,570,745	\$ 1,570,745		\$ 278,867	\$ 278,867	
Sewer Rents				1,558,271	1,590,876	\$ 32,605
Miscellaneous Revenue	754,439	1,292,593	\$ 538,154	19,000	85,239	66,239
Receipts from Delinquent Taxes	63,575	204,156	140,581			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	6,866,512	7,354,053	487,541			
Municipal Budget Totals - Revenue	9,255,271	10,421,547	1,166,276	1,856,138	1,954,982	98,844
Non-budget Revenues		437,766	437,766			
Other Credits to Income		679,685	679,685		253,471	253,471
Taxes Allocated to Schools, County and Open Space	24,219,985	24,219,985				
TOTAL REVENUES	33,475,256	35,758,983	2,283,727	1,856,138	2,208,453	352,315
EXPENDITURES:						
Current:						
General Government	3,373,814	3,373,814				
Public Safety	2,604,226	2,604,226				
Streets and Roads	1,083,330	1,083,330				
Health and Welfare	108,262	108,262				
Recreation and Education	107,684	107,684				
Deferred Charges and Statutory Expenditures	975,716	975,716		76,999	76,999	
Utility Operating				1,653,513	1,653,513	
Capital	133,500	133,500		50,000	50,000	
Debt Service:						
Principal	87,280	87,279	1	17,910	17,910	
Interest	20,754	20,706	48	57,716	57,716	
Reserve for Uncollected Taxes	760,705	760,705				
Municipal Budget Totals - Expenditures	9,255,271	9,255,222	49	1,856,138	1,856,138	
County Taxes	3,797,501	3,797,501				
Local and Regional School Taxes	20,312,499	20,312,499				
Municipal Open Space Taxes	109,985	109,985				
Other Expenditures		23,951	(23,951)			
TOTAL EXPENDITURES	\$ 33,475,256	33,499,158	(23,902)	\$ 1,856,138	1,856,138	
Excess/(Deficit) of Revenues over Expenditures		2,259,825	\$ 2,259,825		352,315	\$ 352,315
Fund Balances January 1, 2024		3,413,321			595,516	
Less: Utilized as Anticipated Revenue		1,570,745			278,867	
Fund Balances December 31, 2024		\$ 4,102,401			\$ 668,964	

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

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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, 2024
 (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, 2024
(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, 2024
 (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, 2024
(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, 2024
(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, 2024, 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	\$ 2,328	\$ 292,638	\$ 6,654,538	\$ 6,949,734
General Capital		15,806		520,816	536,622
Trust and Agency				1,287,021	1,287,021
Utility Operating	100	154,009		944,619	1,098,728
Utility Capital		28		697,102	697,130
	<u>\$ 330</u>	<u>\$ 172,171</u>	<u>\$ 292,638</u>	<u>\$ 10,104,096</u>	<u>\$ 10,569,235</u>

The carrying amount of the Borough's cash and cash equivalents and investments at year end was \$10,569,235 and the bank balance was \$10,252,029. During 2024 the Borough invested funds by purchasing Bond Anticipation Notes from its own Capital Funds. There was an investment of \$292,638 from the Current Fund in Bond Anticipation Notes issued by the Borough's General Capital Fund at 1.00% interest due on June 27, 2025.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 3: Interfunds

The following interfund receivable and payable balances appear on the combined balance sheet as of December 31, 2024:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 808	\$ 39,229
Federal and State Grant Fund	37,780	808
Other Trust Funds	39,229	37,780
Sewer Utility Operating Fund	3,288	
Sewer Utility Capital Fund		3,288
	<u>\$ 81,105</u>	<u>\$ 81,105</u>

The primary interfund activity for 2024 was due to 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 the Current Fund and Federal and State Grant Fund is for monies received in the Federal and State Grant Fund due to the Current Fund that were not liquidated. 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>2024</u>	<u>2023</u>	<u>2022</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 643,218	\$ 730,497	\$ 811,256
Sewer Utility:			
Bonds, Loans and Notes	4,638,884	2,652,215	2,291,828
Total Issued	<u>5,282,102</u>	<u>3,382,712</u>	<u>3,103,084</u>
<u>Authorized but not Issued:</u>			
General	850,000	957,881	107,881
Sewer Utility	1,893,206	3,897,785	2,783,172
Total Authorized but not Issued	<u>2,743,206</u>	<u>4,855,666</u>	<u>2,891,053</u>
Less: Reserve to Pay Debt Service			
General	30,641	30,641	30,641
Sewer Utility	1,336	1,336	1,336
Total Reserve to Pay Debt Service	<u>31,977</u>	<u>31,977</u>	<u>31,977</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 7,993,331</u>	<u>\$ 8,206,401</u>	<u>\$ 5,962,160</u>

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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 .096%.

	Gross Debt	Deductions	Net Debt
Local and Regional School District Debt	\$ 4,768,026	\$ 4,768,026	
Sewer Utility Debt	6,532,090	6,532,090	
General Debt	1,493,218	30,641	\$ 1,462,577
	\$ 12,793,334	\$ 11,330,757	\$ 1,462,577

Net Debt \$1,462,577 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,519,380,403 = .096%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 53,178,314
Net Debt	1,462,577
Remaining Borrowing Power	\$ 51,715,737

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,954,982
Deductions:	
Operating, Maintenance and Debt Service Costs	1,806,138
Excess in Revenue	\$ 148,844

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

Schedule of Changes in Debt Issued

	Balance 12/31/2023	Additions	Defeased/ Retirements	Balance 12/31/2024
General Capital Fund:				
Bond Anticipation Notes	\$ 730,497	\$ 643,218	\$ 730,497	\$ 643,218
Sewer Utility Capital Fund:				
NJ I-Bank Loan	343,993	2,004,579		2,348,572
NJEIT Loan	2,308,222		17,910	2,290,312
Total	\$ 3,382,712	\$ 2,647,797	\$ 748,407	\$ 5,282,102

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

The Borough had the following outstanding debt at December 31, 2024.

Schedule of General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>
	<u>Original Note</u>	<u>Maturity</u>		
Various Improvements	7/12/2013	6/27/2025	1.00%	\$ 63,044
Various Improvements	7/11/2014	6/27/2025	1.00%	24,801
Various Improvements	10/7/2019	6/27/2025	1.00%	106,315
Acquisition of Equipment	9/4/2020	6/27/2025	5.25%	350,580
Acquisition of Equipment	7/2/2021	6/27/2025	1.00%	98,478
				\$ 643,218

Sewer Utility Capital NJ Environmental Infrastructure Trust (NJEIT) Loans

<u>Description</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</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%	779,080
				\$ 2,290,312

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>
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	56,865	47,526	104,391
2030-2034	324,324	212,133	536,457
2035-2039	380,318	164,721	545,039
2040-2044	422,115	124,196	546,311
2045-2049	469,309	77,502	546,811
2050-2053	414,921	23,478	438,399
	\$ 2,290,312	\$ 854,410	\$ 3,144,722

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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 \$2,290,312 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, 2024, the Borough had borrowed or "drawn down" \$2,308,222 for this project. The loan balance as of the end of the year is \$2,290,312.

Principal payments to the Fund commenced 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.

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, 2024
(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 \$213,025 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$7,200 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 net 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, 2024
(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, 2023, the Borough's liability was \$2,308,620 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The 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, 2023, the Borough's proportion was 0.015%, which was a decrease of 0.004% from its proportion measured as of June 30, 2022. The Borough has rolled forward the net pension liability as of June 30, 2023 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, 2023 information in the Notes to the Financial Statements as the June 30, 2024 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, 2023.

For the year ended December 31, 2024, the Borough recognized actual pension expense in the amount of \$213,025.

Actuarial Assumptions

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

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, 2024

(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, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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, 2023 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, 2023		
	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	\$ 3,005,332	\$ 2,308,620	\$ 1,715,626

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.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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 2023, 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, 2024
(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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Borough contributions to PFRS amounted to \$534,798 for the year ended December 31, 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$93,535 to the PFRS for normal pension benefits on behalf of the Borough, which is more than the contractually required contribution of \$93,033.

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

Pension Liabilities and Pension Expense

At June 30, 2023, the Borough's liability for its proportionate share of the net pension liability was \$4,438,749. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The 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, 2023, the Borough's proportion was 0.040%, which was an increase of 0.01% from its proportion measured as of June 30, 2022. The Borough has rolled forward the net pension liability as of June 30, 2023 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 and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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 \$817,891 as of June 30, 2023. 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, 2022 which was rolled forward to June 30, 2023. 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, 2023, the State's proportion was 0.040%, which was an increase of 0.001% from its proportion measured as of June 30, 2022 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 4,438,749
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>817,891</u>
Total Net Pension Liability	<u>\$ 5,256,640</u>

For the year ended December 31, 2024, the Borough recognized pension expense of \$534,798.

Actuarial Assumptions

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

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, 2022 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, 2024
(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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2023 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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – PFRS

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

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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, 2023 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, 2023		
	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	\$ 7,324,208	\$ 5,256,640	\$ 3,534,851

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 \$6,676 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$9,067 for the year ended December 31, 2024.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(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, 2024
(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.

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, 2022 through June 30, 2023. 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, 2023 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, 2023 OPEB information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this report.

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

At June 30, 2023, the Borough had a liability of \$7,073,633 for its proportionate share of the net OPEB liability. At June 30, 2023, the Borough's proportion was .047% which was a decrease of .01% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023 the Borough's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$354,422.

The Borough's actual post retirement payments in 2024 for 9 retired employees were \$101,165.

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.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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 July 1, 2022 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% for fiscal year 2023 and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend rate is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2023 was 3.65%. 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, 2023, 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, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Net OPEB Liability Attributable to the Borough	\$ 8,193,521	\$ 7,073,633	\$ 6,172,855

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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

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

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, 2023, 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, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	<u>\$ 6,011,755</u>	<u>\$ 7,073,633</u>	<u>\$ 8,433,160</u>

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.

	2024	2023	2022
<u>Tax Rate</u>	<u>\$ 2.460</u>	<u>\$ 2.454</u>	<u>\$ 2.384</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.543	.532	.514
County	.301	.287	.278
Local School	.959	.971	.949
Regional High School	.649	.656	.635
Municipal Open Space	.008	.008	.008
<u>Assessed Valuations</u>			
2024	<u>\$ 1,264,043,370</u>		
2023		<u>\$ 1,263,270,524</u>	
2022			<u>\$ 1,265,709,106</u>

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 8: Selected Tax Information (Cont'd)

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>
2024	\$ 31,114,934	\$ 30,813,333	99.03%
2023	31,100,066	30,853,825	99.20%
2022	30,190,434	30,070,078	99.60%

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.

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.

Selected financial information for the Fund as of December 31, 2024 is as follows:

Total Assets	<u>\$ 41,731,805</u>
Net Position	<u>\$ 14,656,747</u>
Total Revenue	<u>\$ 27,339,632</u>
Total Expenses	<u>\$ 26,449,607</u>
Change in Net Position	<u>\$ 623,483</u>
Member Dividends	<u>\$ 266,542</u>

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

Note 9: Risk Management (Cont'd)

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.

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 12,000	\$ 2,668	\$ 3,070	\$ 25,543	\$ 69,666
2023	14,000	8,911	2,802	12,608	77,471
2022	8,800	3,948	714	3,800	64,366

Note 10: Fund Balances Appropriated

Fund balances as December 31, 2024, which have been appropriated and included as anticipated revenue for the year ending December 31, 2025 are \$1,700,229 for the Current Fund and \$297,527 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, 2024:

	(Restated) Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	\$ 1,767,500			\$ 1,767,500
Buildings and Building Improvements	3,855,915			3,855,915
Machinery and Equipment	6,452,667	\$ 120,580	\$ (68,500)	6,504,747
	<u>\$ 12,076,082</u>	<u>\$ 120,580</u>	<u>\$ (68,500)</u>	<u>\$ 12,128,162</u>

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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, 2024 in the amount of \$320,421. 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, 2024.

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.

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 \$417,926.

Note 13: Other Reserves

Reserves on the balance sheet of the Current Fund at December 31, 2024, consisted of the following:

Litigation	\$ 320,421
Unappropriated Reserves	24,931
Sale of Municipal Assets	275,537
Pending Tax Appeals	417,926
	<u>\$ 1,038,815</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, 2024 was \$409,539.

BOROUGH OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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 received \$10,143 for this agreement in 2024.

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 lease was renewed 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. The Borough received \$14,010 for this agreement in 2024.

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 2024 were \$28,745. Remaining payments on the leases through 2025 are \$15,216.

Note 18: Prior Period Adjustment

The Borough made a prior period adjustment to correct an error in the reporting of fixed asset historical costs.

	Balance 12/31/2023 as Previously Reported	Error Correction	Balance 12/31/2023 as Restated
<u>Assets:</u>			
Buildings and Building Improvements	\$ 3,535,152	\$ 320,763	\$ 3,855,915
Machinery and Equipment	<u>6,098,522</u>	<u>354,145</u>	<u>6,452,667</u>
Total Assets	<u>\$ 11,401,174</u>	<u>\$ 674,908</u>	<u>\$ 12,076,082</u>
<u>Reserves:</u>			
Reserve for General Fixed Assets	<u>\$ 11,401,174</u>	<u>\$ 674,908</u>	<u>\$ 12,076,082</u>
Total Reserves	<u>\$ 11,401,174</u>	<u>\$ 674,908</u>	<u>\$ 12,076,082</u>

**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
2024
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.

A

BOROUGH OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET

	December 31,	
	2024	2023
<u>ASSETS</u>		
<u>Regular Fund:</u>		
Cash and Cash Equivalents	\$ 6,612,945	\$ 6,175,881
Investments	292,638	369,957
Change Fund	230	230
	6,905,813	6,546,068
Due from State of New Jersey:		
Veterans and Senior Citizens Deductions	20,721	20,721
	6,926,534	6,566,789
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	242,392	216,853
Tax Title Liens Receivable	45,664	41,470
Property Acquired for Taxes - Assessed Valuation	2,900	2,900
Revenue Accounts Receivable	3,912	2,360
Grants Receivable	67,068	67,068
Interfunds Receivable	808	302
Total Receivables and Other Assets with Full Reserves	362,744	330,953
Total Regular Fund	7,289,278	6,897,742
<u>Federal and State Grant Fund:</u>		
Cash and Cash Equivalents	43,921	42,540
Grants Receivable	17,157	14,200
Interfunds Receivable	37,780	39,528
Total Federal and State Grant Fund	98,858	96,268
TOTAL ASSETS	\$ 7,388,136	\$ 6,994,010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Regular Fund:</u>		
Appropriation Reserves:		
Encumbered	\$ 135,855	\$ 190,159
Unencumbered	992,174	895,944
Total Appropriation Reserves	1,128,029	1,086,103
Prepaid Taxes	306,830	237,816
Tax Overpayments	3,573	
Accounts Payable - Vendors	301,554	286,866
Other Liabilities	6,103	6,104
Interfund Payable	39,229	394,488
Other Reserves	1,038,815	1,142,091
	2,824,133	3,153,468
Reserve for Receivables and Other Assets	362,744	330,953
Fund Balance	4,102,401	3,413,321
Total Regular Fund	7,289,278	6,897,742
<u>Federal and State Grant Fund:</u>		
Appropriated Reserves	56,764	51,305
Unappropriated Reserves	39,086	44,963
Encumbrances Payable	2,200	
Interfunds Payable	808	
Total Federal and State Grant Fund	98,858	96,268
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 7,388,136	\$ 6,994,010

BOROUGH OF MENDHAM
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>2024</u>	<u>2023</u>
Fund Balance Utilized	\$ 1,570,745	\$ 1,460,000
Miscellaneous Revenue Anticipated	1,292,593	1,700,899
Receipts from:		
Delinquent Taxes	204,156	77,570
Current Taxes	30,813,333	30,853,825
Nonbudget Revenue	437,766	405,482
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	679,383	704,168
Other Credits	302	2,610
Total Income	<u>34,998,278</u>	<u>35,204,554</u>
 <u>Expenditures</u>		
Budget Appropriations - Municipal Purposes	8,494,517	8,585,639
County Taxes	3,797,501	3,622,053
Local School District Taxes	12,111,554	12,265,629
Regional School Taxes	8,200,945	8,275,046
Municipal Open Space Tax	109,985	109,921
Refund of Prior Year Revenue	23,143	6,710
Reserve for Pending Tax Appeals		210,466
Interfunds Advanced	808	302
Total Expenditures	<u>32,738,453</u>	<u>33,075,766</u>
 Excess in Revenue	2,259,825	2,128,788
 <u>Fund Balance</u>		
Balance January 1	<u>3,413,321</u>	<u>2,744,533</u>
	5,673,146	4,873,321
Decreased by:		
Utilized as Anticipated Revenue	<u>1,570,745</u>	<u>1,460,000</u>
 Balance December 31	<u>\$ 4,102,401</u>	<u>\$ 3,413,321</u>

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,570,745		\$ 1,570,745	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	6,300		8,126	\$ 1,826
Interest and Costs on Taxes	21,000		61,985	40,985
Interest on Investments and Deposits	17,500		393,399	375,899
Energy Receipts Tax	507,123		507,123	
Municipal Relief Fund	52,274		52,274	
Uniform Construction Code Fees	120,000		239,444	119,444
Public and Private Revenue				
Offset with Appropriations:				
Clean Communities Program	10,000	\$ 5,051	15,051	
Body Armor Fund	1,268		1,268	
Recycling Tonnage	8,008		8,008	
Distracted Driving Crackdown Grant - Reserve	5,915		5,915	
Total Miscellaneous Revenue	749,388	5,051	1,292,593	538,154
Receipts from Delinquent Taxes	63,575		204,156	140,581
Amount to be Raised by Taxes for Support of Municipal Budget	6,866,512		7,354,053	487,541
Budget Totals	9,250,220	5,051	10,421,547	\$ 1,166,276
Nonbudget Revenue			437,766	
	<u>\$ 9,250,220</u>	<u>\$ 5,051</u>	<u>\$ 10,859,313</u>	

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2024
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Collection of Current Taxes	\$	30,813,333
Allocated to:		
School, County, and Open Space Taxes		24,219,985
		<u>6,593,348</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>760,705</u>
Realized for Support of Municipal Budget	\$	<u><u>7,354,053</u></u>

Analysis of Delinquent Tax Collections

Delinquent Taxes	\$	204,156
		<u><u>204,156</u></u>

Analysis of Nonbudget Revenue

Revenue Accounts Receivable:		
Fees and Permits	\$	2,026
Clerk		420
Police		4,674
Insurance Refunds		5,351
Special Duty		39,235
Planning Board		33,022
Board of Health		14,080
Municipal Court Fines and Costs		34,223
Rents on Borough-Owned Properties		24,153
Cable Television Franchise Fees		57,450
Lot grad/soil erosion (LDP)		400
DMV Inspection Fines		550
High School Resource Officer Reimbursement		165,584
FEMA Reimbursement:		
Hurricane Ida		153
State of New Jersey-Veteran and Senior Citizen 2% Administrative Fee		425
Fire Prevention/Alarm Fees		23,304
Drug Recognition Expert (DRE)		7,420
Miscellaneous		25,296
	\$	<u><u>437,766</u></u>

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriations</u>		<u>Expended By</u>		<u>Un- expended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "Caps":					
General Government:					
General Administration:					
Salaries and Wages	\$ 162,300	\$ 162,300	\$ 145,924	\$ 16,376	
Other Expenses	23,900	23,900	10,148	13,752	
Organization Contributions:					
Other Expenses	5,600	5,600	100	5,500	
Purchasing:					
Salaries and Wages	15,800	15,800		15,800	
Other Expenses	5,750	5,750	1,528	4,222	
Human Resources - Personnel & Payroll:					
Salaries and Wages	35,600	35,600	15,542	20,058	
Other Expenses	38,350	38,350	26,808	11,542	
Mayor and Council:					
Salaries and Wages	35,000	35,000	35,000		
Other Expenses	9,000	9,000	5,416	3,584	
Municipal Clerk:					
Salaries and Wages	56,475	57,075	57,027	48	
Other Expenses	26,250	26,250	25,694	556	
Financial Administration:					
Salaries and Wages	100,825	100,825	84,575	16,250	
Other Expenses	33,143	33,143	11,800	21,343	
Annual Audit	42,000	42,000		42,000	
Computerized Data Processing	106,190	106,190	99,170	7,020	
Tax Assessment Administration:					
Salaries and Wages	55,766	55,766	55,307	459	
Other Expenses	18,950	18,950	9,495	9,455	
Revenue Administration (Tax Collection):					
Salaries and Wages	18,188	18,188	17,938	250	
Other Expenses	14,950	14,950	12,103	2,847	
Legal Services and Costs:					
Other Expenses	154,000	221,000	202,157	18,843	
Engineering Services and Costs:					
Salaries and Wages	8,670	8,670	8,434	236	
Other Expenses	72,500	72,500	31,380	41,120	
Historic Preservation:					
Other Expenses	7,650	7,650	1,774	5,876	
Public Buildings and Grounds:					
Other Expenses	166,000	166,000	164,615	1,385	
Municipal Land Use Law(N.J.S.A.40:55D-1):					
Planning Board:					
Salaries and Wages	25,510	25,510	25,301	209	
Other Expenses	29,000	29,000	8,042	20,958	

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Un- expended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Cont'd):					
General Government (continued):					
Insurance:					
Employee Group Health	\$ 705,597	\$ 665,597	\$ 558,124	\$ 107,473	
Unemployment Compensation Insurance	8,000	8,000	8,000		
General Liability Insurance	97,453	97,453	81,096	16,357	
Workmen's Compensation Insurance	90,230	90,230	88,788	1,442	
Long-Term Disability	21,383	21,383	20,298	1,085	
Health Benefit Waiver	12,800	20,500	19,187	1,313	
Public Safety:					
Police:					
Salaries and Wages	1,730,395	1,730,395	1,687,553	42,842	
Salaries and Wages - Other	164,059	164,059	158,721	5,338	
Other Expenses	155,260	155,260	101,300	53,960	
Contractual Radio Dispatch	140,600	124,500	124,458	42	
Office of Emergency Management:					
Salaries and Wages	8,186	8,186	7,936	250	
Other Expenses	11,700	11,700	117	11,583	
Aid to Volunteer Fire Company	98,950	98,950	65,602	33,348	
Aid to Volunteer Ambulance Company	43,200	43,200	30,619	12,581	
Fire:					
Salaries and Wages	40,678	40,678	35,190	5,488	
Other Expenses	5,000	5,000	2,243	2,757	
Fire Hydrant - Other Expenses	145,200	145,700	132,470	13,230	
Municipal Court:					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	45,355	45,355	45,355		
Streets and Roads:					
Road Repairs and Maintenance:					
Salaries and Wages	596,594	596,594	589,274	7,320	
Other Expenses	181,450	181,450	117,484	63,966	
Shade Trees:					
Other Expenses	27,600	27,600	9,856	17,744	
Kelley Act - Mendham Commons	9,000	9,000	3,014	5,986	
Vehicle Maintenance (DPW):					
Salary and Wages	70,937	71,937	71,634	303	
Other Expenses	66,370	66,370	55,751	10,619	
Landfill/Solid Waste Disposal Costs:					
Other Expenses	130,380	130,380	128,118	2,262	
Health and Welfare:					
Board of Health:					
Salaries and Wages	4,075	4,075	3,931	144	
Other Expenses	64,778	64,778	63,883	895	
Environmental Commission:					
Other Expenses	16,400	16,400	2,191	14,209	
Contributions to Social Service Agency:					
MASH Van	20,600	23,009	23,008	1	

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024
(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	\$ 17,209	\$ 27,209	\$ 26,990	\$ 219	
Other Expenses	28,975	28,975	28,794	181	
Parks and Playgrounds:					
Other Expenses	51,500	51,500	26,568	24,932	
Construction Code Official:					
Salaries and Wages	229,856	229,856	213,843	16,013	
Other Expenses	21,100	21,100	16,052	5,048	
Communications and Public Information:					
Salaries and Wages	25,510	25,510	25,300	210	
Other Expenses	27,350	27,350	24,225	3,125	
Code Enforcement/Zoning:					
Salaries and Wages	14,583	14,583		14,583	
Other Expenses	18,600	18,600	4,123	14,477	
Unclassified:					
Salary Adjustment Account	50,000	16,891		16,891	
Utilities	263,200	263,200	166,214	96,986	
Landfill/Solid Waste Disposal Costs - Recycling:					
Other Expenses	197,431	197,431	186,483	10,948	
Total Operations Within "CAPS"	6,925,911	6,925,911	6,009,071	916,840	
Contingency	6,000	6,000	4,358	1,642	
Total Operations Including Contingent Within "CAPS"	6,931,911	6,931,911	6,013,429	918,482	
Detail:					
Salaries and Wages	3,467,216	3,445,707	3,265,420	180,287	
Other Expenses	3,464,695	3,486,204	2,748,009	738,195	
Deferred Charges and Statutory Expenditures-					
Municipal Within "CAPS":					
Statutory Expenditures:					
Contributions to PERS	178,941	178,941	178,941		
Contributions to Social Security System (O.A.S.I.)	253,977	253,977	247,221	6,756	
Contributions to PFRS	534,798	534,798	534,798		
Defined Contribution Retirement Plan	8,000	8,000	6,676	1,324	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	975,716	975,716	967,636	8,080	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,907,627	7,907,627	6,981,065	926,562	

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024
(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	22,259	22,259		\$ 22,259	
Length of Service Award Program - Ambulance	43,353	43,353		43,353	
Employee Group Health	21,379	21,379	21,379		
Liability Insurance	27,172	27,172	27,172		
Public and Private Programs Offset by Revenue:					
Clean Communities (N.J.S.A. 40A:4-87 + \$5,051)	10,000	15,051	15,051		
Body Armor Fund	1,268	1,268	1,268		
Distracted Driving Crackdown - Reserve	5,915	5,915	5,915		
Recycling Tonnage	8,008	8,008	8,008		
Total Operations Excluded from "CAPS"	<u>340,354</u>	<u>345,405</u>	<u>279,793</u>	<u>65,612</u>	
Detail:					
Other Expenses	<u>340,354</u>	<u>345,405</u>	<u>279,793</u>	<u>65,612</u>	
Capital Improvements-Excluded from "CAPS" :					
Capital Improvement Fund	<u>133,500</u>	<u>133,500</u>	<u>133,500</u>		
Total Capital Improvements Excluded from "CAPS"	<u>133,500</u>	<u>133,500</u>	<u>133,500</u>		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Anticipation Notes	87,280	87,280	87,279		\$ 1
Interest on Notes	<u>20,754</u>	<u>20,754</u>	<u>20,706</u>		<u>48</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>108,034</u>	<u>108,034</u>	<u>107,985</u>		<u>49</u>
Total General Appropriations Excluded from "CAPS"	<u>581,888</u>	<u>586,939</u>	<u>521,278</u>	<u>65,612</u>	<u>49</u>
Subtotal General Appropriations	8,489,515	8,494,566	7,502,343	992,174	49
Reserve for Uncollected Taxes	<u>760,705</u>	<u>760,705</u>	<u>760,705</u>		
Total General Appropriations	<u>\$ 9,250,220</u>	<u>\$ 9,255,271</u>	<u>\$ 8,263,048</u>	<u>\$ 992,174</u>	<u>\$ 49</u>

BOROUGH OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024

(Continued)

	<u>Analysis of Budget After Modification</u>	<u>Analysis of Paid or Charged</u>
Cash Disbursed		\$ 7,619,154
Reserve for Uncollected Taxes		760,705
Due to Federal and State Grant Fund		30,242
Outstanding Encumbrances		135,855
Adopted Budget	\$ 9,250,220	
Adopted by NJSA 40A:4-87	5,051	
	<u>9,255,271</u>	<u>8,545,956</u>
Less: Appropriation Refunds		282,908
	<u>\$ 9,255,271</u>	<u>\$ 8,263,048</u>

BOROUGH OF MENDHAM
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2024 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec. 31, 2023		2023	2024				Dec. 31, 2024
2023	\$ 216,853			\$ 204,156		\$ 12,697		
2024		\$ 31,114,934	\$ 237,816	30,554,267	\$ 21,250	55,015	\$ 4,194	
	<u>\$ 216,853</u>	<u>\$ 31,114,934</u>	<u>\$ 237,816</u>	<u>\$ 30,758,423</u>	<u>\$ 21,250</u>	<u>\$ 67,712</u>	<u>\$ 4,194</u>	
							<u>\$ 242,392</u>	

Analysis of 2024 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 31,043,365
Business Personal Property Taxes	52,102
Added and Omitted Taxes	19,467
	<u>\$ 31,114,934</u>

Tax Levy:

Regional High School Taxes	8,200,945
Local School District Taxes	12,111,554
	\$ 20,312,499
County Taxes	3,795,125
Due County for Added and Omitted Taxes	2,376
	3,797,501
Municipal Open Space Tax	109,985
	24,219,985
Local Tax for Municipal Purposes Levied	6,866,512
Add: Additional Tax Levied	28,437
	6,894,949
	<u>\$ 31,114,934</u>

BOROUGH OF MENDHAM
CURRENT FUND
SCHEDULE OF 2023 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2024

	Balance Dec. 31, 2023	Balance After Modi- fication	Paid or Charged	Balance Lapsed
General Administration:				
Salaries and Wages	\$ 27,601	\$ 27,601		\$ 27,601
Other Expenses	15,234	15,234	\$ 1,093	14,141
Organization Contributions:				
Other Expenses	5,325	5,325		5,325
Purchasing:				
Salaries and Wages	2,621	2,621		2,621
Other Expenses	3,114	3,114		3,114
Human Resources - Personnel & Payroll:				
Salaries and Wages	14,395	14,395		14,395
Other Expenses	32,473	32,473		32,473
Mayor and Council:				
Salaries and Wages	10	10		10
Other Expenses	4,320	4,320	2,673	1,647
Municipal Clerk:				
Salaries and Wages	14,019	14,019	7,727	6,292
Other Expenses	22,205	22,205	20,713	1,492
Annual Audit	40,603	40,603	40,603	
Computerized Data Processing	3,498	3,498	1,601	1,897
Financial Administration:				
Salaries and Wages	1,563	1,563		1,563
Other Expenses	18,157	18,157	18,127	30
Assessment of Taxes:				
Salaries and Wages	530	530		530
Other Expenses	9,634	9,634	4,649	4,985
Collection of Taxes:				
Salaries and Wages	1,002	1,002		1,002
Other Expenses	6,635	6,635	1,096	5,539
Legal Services and Costs	27,625	42,625	37,648	4,977
Engineering Services and Costs:				
Salaries and Wages	250	250		250
Other Expenses	36,205	36,205	7,934	28,271
Historic Preservation:				
Other Expenses	6,502	6,502		6,502
Public Buildings and Grounds:				
Other Expenses	62,317	62,317	15,946	46,371
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Salaries and Wages	249	249		249
Other Expenses	21,999	6,999	812	6,187
Insurance:				
Workmen's Compensation	22,306	22,306		22,306
Long-Term Disability	1,276	1,276		1,276
General Liability Insurance	1	1		1
Aid to Volunteer Ambulance Company	20,592	15,189	7,976	7,213
Aid to Volunteer Fire Company	60,458	56,251	39,471	16,780
Fire:				
Salaries and Wages	1,064	1,064		1,064
Other Expenses	1,955	1,955		1,955
Fire Hydrant:				
Other Expenses	12,628	12,628	9,392	3,236
Police:				
Salaries and Wages	20,853	20,853		20,853
Other Expenses	66,973	66,973	20,841	46,132
Contractual Radio Dispatch	42	42		42
Municipal Court:				
Salaries and Wages	1,000	1,000		1,000
Office of Emergency Management:				
Salaries and Wages	250	250		250
Other Expenses	11,700	11,700		11,700
Board of Health:				
Salaries and Wages	892	892		892
Other Expenses	2,417	2,417	231	2,186

BOROUGH OF MENDHAM
CURRENT FUND
SCHEDULE OF 2023 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2024
(Continued)

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Roads Repairs and Maintenance:				
Salaries and Wages	\$ 61,195	\$ 61,195		\$ 61,195
Other Expenses	82,065	82,065	\$ 54,258	27,807
Kelley Act - Mendham Commons	5,462	5,462	5,462	
Vehicle Maintenance (DPW):				
Salaries and Wages	7,887	7,887		7,887
Other Expenses	36,125	36,125	3,062	33,063
Landfill/Solid Waste Disposal:				
Other Expenses	2,084	2,084		2,084
Environmental Commission:				
Other Expenses	12,115	12,115	1,206	10,909
Parks and Playgrounds:				
Other Expenses	34,940	34,940	896	34,044
Contributions to Social Services Agency:				
MASH Van	2,540	2,540		2,540
Recreation:				
Salaries and Wages	250	250		250
Other Expenses	4,762	4,762	1,788	2,974
Shade Tree:				
Other Expenses	11,165	11,165	6,875	4,290
State Uniform Construction Code:				
Salaries and Wages	16,845	16,845		16,845
Other Expenses	1,734	1,734	957	777
Communications and Public Information:				
Salaries and Wages	250	250		250
Other Expenses	5,259	5,259	3,780	1,479
Code Enforcement/Zoning:				
Salaries and Wages	275	275		275
Other Expenses	2,765	2,765	2,306	459
Salary Adjustment Account	11,500	11,500		11,500
Utilities	69,405	69,405	29,220	40,185
Landfill/Solid Waste Disposal Costs - Recycling:				
Other Expenses	20,669	20,669	1,689	18,980
Contingency	4,088	4,088	815	3,273
Contribution to:				
Social Security System (O.A.S.I.)	16,737	16,737		16,737
Defined Contribution Retirement Plan	641	641		641
Length of Service Award Program - Fire	17,302	21,509	21,508	1
Length of Service Award Program - Ambulance	36,484	41,887	34,365	7,522
Employee Group Health	19,066	19,066		19,066
	<u>\$ 1,086,103</u>	<u>\$ 1,086,103</u>	<u>\$ 406,720</u>	<u>\$ 679,383</u>
<u>Analysis of Beginning Balance/Paid or Charged:</u>				
Unencumbered	\$ 895,944			
Encumbered	190,159			
Cash Disbursed			\$ 349,202	
Accounts Payable			59,960	
Less: Refunds			(2,442)	
	<u>\$ 1,086,103</u>		<u>\$ 406,720</u>	

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

	Balance Dec. 31, 2023	Budget Revenue Accrued	Cash Receipts	From Unappropriated Reserves	Balance Dec. 31, 2024
Stormwater Assistance Grant	\$ 10,000				\$ 10,000
Distracted Driving Grant		\$ 5,915		\$ 5,915	
Clean Communities Grant - 2024		15,051	\$ 15,051		
Recycling Tonnage Grant - 2024		8,008	5,051		2,957
Body Armor Replacement Fund - 2023		1,268		1,268	
Morris County Historical Preservation	4,200				4,200
	<u>\$ 14,200</u>	<u>\$ 30,242</u>	<u>\$ 20,102</u>	<u>\$ 7,183</u>	<u>\$ 17,157</u>

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

	Balance Dec. 31, 2023	Transfer from Budget Appropriations	Cash Disbursed	Encumbrance Payable	Balance Dec. 31, 2024
Stormwater Assistance Grant	\$ 25,000		\$ 2,500	\$ 1,000	\$ 21,500
Clean Communities Grant - 2023	5,150		5,150		
Clean Communities Grant - 2024		\$ 15,051	7,381	1,200	6,470
Recycling Tonnage Grant - 2023	15,810		3,186		12,624
Recycling Tonnage Grant - 2024		8,008	2,283		5,725
Distracted Driving Grant		5,915			5,915
Body Armor Replacement Fund - 2023	1,145		815		330
Body Armor Replacement Fund - 2024		1,268	1,268		
Morris County Historical Preservation	4,200				4,200
	<u>\$ 51,305</u>	<u>\$ 30,242</u>	<u>\$ 22,583</u>	<u>\$ 2,200</u>	<u>\$ 56,764</u>

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

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Cash</u> <u>Receipts</u>	<u>Transfer to</u> <u>Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Distracted Driving Grant	\$ 5,915		\$ 5,915	
Recycling Tonnage Grant	37,096			\$ 37,096
Body Armor Replacement Fund	1,268	\$ 1,306	1,268	1,306
Alcohol Education & Rehab Grant	684			684
	<u>\$ 44,963</u>	<u>\$ 1,306</u>	<u>\$ 7,183</u>	<u>\$ 39,086</u>

BOROUGH OF MENDHAM
COUNTY OF MORRIS
2024
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,	
	2024	2023
Cash and Cash Equivalents	\$ 536,622	\$ 732,351
State Grants Receivable	847,115	633,130
Morris County Grant Receivable	335,243	234,069
Interfunds Receivable		353,574
Deferred Charges to Future Taxation:		
Unfunded	1,493,218	1,688,378
TOTAL ASSETS	\$ 3,212,198	\$ 3,641,502
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes Payable	\$ 643,218	\$ 730,497
Improvement Authorizations:		
Funded	1,956,119	1,672,278
Unfunded	538,656	969,566
Accounts Payable	16,015	16,015
Capital Improvement Fund	26,040	61,040
Reserve For:		
Payment of Debt Service	30,641	30,641
Improvements	90	90
Road Improvements		159,976
Fund Balance	1,419	1,399
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 3,212,198	\$ 3,641,502

BOROUGH OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2023	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2024	
		Budget Appropriation	Bond Anticipation Notes	Miscel- laneous	Improvement Authori- zations	Bond Anticipation Notes	Miscel- laneous	From	To		
Fund Balance	\$ 1,399			\$ 20						\$ 1,419	
Capital Improvement Fund	61,040	\$ 133,500						\$ 168,500		26,040	
Due To/(From) Current Fund	(353,574)			378,533				3,864			
State Grants Receivable	(633,130)			234,611				448,596		(847,115)	
Morris County Grants Receivable	(234,069)			242,427				343,601		(335,243)	
Accounts Payable	16,015									16,015	
Reserve to Pay Debt Service	30,641									30,641	
Reserve for Improvements	90									90	
Reserve for Road Improvements	159,976							159,976			
<u>Improvement Authorizations:</u>											
Ord.											
No.	Improvement Description										
11-12	Road Improvements	22,640						22,640			
13-12	Various Improvements	(42,280)	63,955	\$ 87,845		\$ 151,800			\$ 42,280		
4-19	Various Improvements		6,842	106,315		113,157					
5-15	Various Improvements	8,341						8,341			
6-17	Various Improvements	83,776			\$ 2,797			51,770		29,209	
5-19	Various Improvements	34,041			24,867					9,174	
5-20	DPW Loader and Ambulance	28,249	9,960	350,580		360,540		2,265		25,984	
7-21	Various Improvements	48,382						37,530	3,864	14,716	
8-21	Acquisition of DPW Equipment	25,716	6,522	98,478		105,000		25,716			
3-22	Improvement of Stormwater Drainage System	450						450			
9-22;											
13-24	Various Improvements	339,101			54,529				133,830	418,402	
5-23;											
12-24	Various Improvements	965,547			811,615				253,664	407,596	
7-23;											
14-24	Various Improvements	170,000						507,328		(337,328)	
6-24	Various Improvements				56,797				1,133,819	1,077,022	
10-24	Various Improvements				213,120				213,120		
		<u>\$ 732,351</u>	<u>\$ 220,779</u>	<u>\$ 643,218</u>	<u>\$ 855,591</u>	<u>\$ 1,163,725</u>	<u>\$ 730,497</u>	<u>\$ 21,095</u>	<u>\$ 1,780,577</u>	<u>\$ 1,780,577</u>	<u>\$ 536,622</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2023	Notes Paid		Balance Dec. 31, 2024	Analysis of Balance at December 31, 2024		Unexpended Improvement Authori- zations
			By Budget Appropriation	Cancelled		Financed by Bond Antici- pation Notes	Expenditures	
9-02	Various Improvements	\$ 49,170		\$ 49,170				
17-04	Various Improvements	16,431		16,431				
13-12	Various Improvements	194,080	\$ 63,955	42,280	\$ 87,845	\$ 87,845		
4-19	Acquisition of Vehicles	113,157	6,842		106,315	106,315		
5-20	DPW Loader and Ambulance	360,540	9,960		350,580	350,580		
8-21	Acquisition of DPW Equipment	105,000	6,522		98,478	98,478		
7-23;								
14-24	Various Improvements	850,000			850,000		\$ 337,328	\$ 512,672
		<u>\$ 1,688,378</u>	<u>\$ 87,279</u>	<u>107,881</u>	<u>\$ 1,493,218</u>	<u>\$ 643,218</u>	<u>\$ 337,328</u>	<u>\$ 512,672</u>
Improvement Authorizations Unfunded								\$ 538,656
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:								
Ord. No. 5-20								\$ 25,984
								25,984
								<u>\$ 512,672</u>

BOROUGH OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2023		2024 Authorizations					Balance Dec. 31, 2024		
		Date	Amount	Funded	Unfunded	Capital Improve-ment Fund	Other Financing Sources	Reappropriated	Paid or Charged	Ordinances Refunded	Cancelled	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)					
13-12	Various Improvements	11/19/12	1,875,000					42,280			42,280		
5-15	Various Improvements	06/15/15	678,000	8,341				(8,341)					
6-17	Various Improvements	03/30/17	738,100	83,776				(51,770)	\$ 2,797			\$ 29,209	
5-19	Various Improvements	05/08/19	420,500	34,041					24,867			9,174	
5-20	DPW loader and Ambulance	06/10/20	390,000		28,249			(2,265)					
7-21	Various Improvements	04/26/21	1,017,000	48,382				(37,530)		\$ 3,864		\$ 25,984	
8-21	Acquisition of DPW Equipment	04/26/21	200,000		25,716			(25,716)					
3-22	Improvement of Stormwater Drainage System	04/25/22	47,000	450				(450)					
9-22;													
13-24	Various Improvements	10/24/22	1,263,000	339,101				133,830	54,529			418,402	
5-23;													
12-24	Various Improvements	04/12/23	1,171,790	965,547				253,664	811,615			407,596	
7-23;													
14-24	Various Improvements	04/12/23	1,020,000	170,000	850,000			(507,328)				512,672	
6-24	Various Improvements	05/08/24	1,133,819			\$ 133,500	\$ 952,173	48,146	56,797			1,077,022	
10-24	Various Improvements	06/24/24	213,120			35,000		178,120	213,120				
				<u>\$ 1,672,278</u>	<u>\$ 969,566</u>	<u>\$ 168,500</u>	<u>\$ 952,173</u>	<u>\$ -0-</u>	<u>\$ 1,163,725</u>	<u>\$ 3,864</u>	<u>\$ 107,881</u>	<u>\$ 1,956,119</u>	<u>\$ 538,656</u>

Morris County Historic Preservation Trust Fund \$ 343,601
 New Jersey Historic Trust 214,029
 State of New Jersey-DOT Grants Receivable 234,567
 Reserve for Road Improvements 159,976
\$ 952,173

Deferred Charged to Future Taxation - Unfunded \$ 107,881

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

NOT APPLICABLE

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, 2023	Issued	Matured	Balance Dec. 31, 2024
				Issue	Maturity					
13-12	Various Improvements	\$ 1,187,436	07/12/13	06/30/23 06/27/24	06/29/24 06/27/25	1.00% 1.00%	\$ 125,540	\$ 63,044	\$ 125,540	\$ 63,044
13-12	Various Improvements	27,720	07/03/19	06/30/23 06/27/24	06/29/24 06/27/25	1.00% 1.00%	26,260	24,801	26,260	24,801
4-19	Various Improvements	130,000	05/08/19	06/30/23 06/27/24	06/29/24 06/27/25	1.00% 1.00%	113,157	106,315	113,157	106,315
5-20	Acquisition of Equipment	370,500	09/04/20	06/29/23 06/27/24	06/28/24 06/27/25	4.73% 5.25%	360,540	350,580	360,540	350,580
8-21	Acquisition of Equipment	105,000	07/02/21	06/30/23 06/27/24	06/29/24 06/27/25	1.00% 1.00%	105,000	98,478	105,000	98,478
							\$ 730,497	\$ 643,218	\$ 730,497	\$ 643,218
							Renewals	\$ 643,218	\$ 643,218	
							Funded by Budget Appropriation		87,279	
								\$ 643,218	\$ 730,497	

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, 2023	Cancelled	Balance Dec. 31, 2024
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	Various Improvements	<u>850,000</u>		<u>\$ 850,000</u>
		<u>\$ 957,881</u>	<u>107,881</u>	<u>\$ 850,000</u>

BOROUGH OF MENDHAM
COUNTY OF MORRIS
2024
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, 2024
(With Comparative Totals for 2023)

	Animal Control Fund	Other Trust Fund	Public Assistance Fund	Payroll Fund	Totals	
					2024	2023
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 386	\$ 1,266,396	\$ 10,931	\$ 9,308	\$ 1,287,021	\$ 1,230,254
Interfunds Receivable		39,229			39,229	39,166
TOTAL ASSETS	\$ 386	\$ 1,305,625	\$ 10,931	\$ 9,308	\$ 1,326,250	\$ 1,269,420
<u>LIABILITIES AND RESERVES</u>						
Due to State of New Jersey Board of Health	\$ 13				\$ 13	
Interfunds Payable		\$ 37,780			37,780	\$ 38,082
Payroll Deductions and Withholdings				\$ 9,308	9,308	9,308
Reserve for Animal Control Fund Expenditures	373				373	6,193
Reserve for Other Trust Funds		1,267,845			1,267,845	1,204,906
Reserve for Public Assistance			\$ 10,931		10,931	10,931
TOTAL LIABILITIES AND RESERVES	\$ 386	\$ 1,305,625	\$ 10,931	\$ 9,308	\$ 1,326,250	\$ 1,269,420

C-1

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

Balance December 31, 2023	\$	6,193
Increased by:		
License Fees Collected	\$	4,457
Late Fees		260
		4,717
		10,910
Decreased by:		
Expenditures Under R.S.4:19-15.11		10,532
Due to State Balance Adjustment		5
		5
Balance December 31, 2024	\$	373

License Fees Collected

<u>Year</u>	<u>Amount</u>
2022	\$ 5,702
2023	5,704
	5,704
Maximum Allowable Reserve	\$ 11,406

BOROUGH OF MENDHAM
TRUST FUNDS
SCHEDULE OF OTHER TRUST RESERVES

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Reserve for:				
Special Deposits	\$ 2,926	\$ 182	\$ 413	\$ 2,695
Special Engineering Deposits	41,550	10,243	5,826	45,967
State Unemployment Trust Fund	77,471	14,668	22,473	69,666
Phoenix House Trust	3,288			3,288
Parking Offenses Adjudication Act	2,521	12		2,533
Police Forfeiture Assets	6,976	376		7,352
Police Special Duty	47,599	183,487	184,630	46,456
Recreation Fund	23,013	101,348	122,438	1,923
Open Space	385,525	125,029	101,015	409,539
Housing Trust	246,602	57,638	5,054	299,186
Other Trust Funds	76,742	95,198	104,509	67,431
Tax Sale Premiums	14,000		3,000	11,000
Storm Recovery	85,222	27,466		112,688
Compensated Absences	32,500			32,500
Self Insurance	84,000			84,000
Police Donations	65,282	11,140	7,410	69,012
Third Party Liens		60,317	60,317	
Police Youth Fishing	6,783		4,317	2,466
Mendham Fest Event	2,906	2,000	4,863	43
ECOSST Donations		50		50
Phoenix House Garden		50		50
Total	<u>\$ 1,204,906</u>	<u>\$ 689,204</u>	<u>\$ 626,265</u>	<u>\$ 1,267,845</u>

BOROUGH OF MENDHAM
TRUST FUNDS
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance December 31, 2023	\$ 10,931
Increased by Receipts:	
Interest	460
	<hr/> 11,391
Decreased by Disbursements:	
Due to Current Fund	460
	<hr/>
Balance December 31, 2024	<u><u>\$ 10,931</u></u>

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

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,308	\$ 4,369,494	\$ 4,369,494	\$ 9,308
TOTAL ASSETS	<u>\$ 9,308</u>	<u>\$ 4,369,494</u>	<u>\$ 4,369,494</u>	<u>\$ 9,308</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 9,308	\$ 4,369,494	\$ 4,369,494	\$ 9,308
TOTAL LIABILITIES	<u>\$ 9,308</u>	<u>\$ 4,369,494</u>	<u>\$ 4,369,494</u>	<u>\$ 9,308</u>

BOROUGH OF MENDHAM
COUNTY OF MORRIS
2024
UTILITY OPERATING FUNDS

Accounts for the operation of the municipally owned Sewer Utility.

BOROUGH OF MENDHAM
UTILITY OPERATING FUNDS
COMPARATIVE BALANCE SHEET

	Sewer Utility Operating Fund	
	December 31,	
<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 1,098,628	\$ 1,028,453
Change Fund	100	100
	<u>1,098,728</u>	<u>1,028,553</u>
Interfund Receivable	3,288	3,288
Due from State of New Jersey	978	978
Receivables with Full Reserves:		
Consumer Accounts Receivable	255,886	199,845
	<u>255,886</u>	<u>199,845</u>
TOTAL ASSETS	<u>\$ 1,358,880</u>	<u>\$ 1,232,664</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities:		
Appropriation Reserves:		
Unencumbered	\$ 299,092	\$ 296,236
Encumbered	38,621	67,910
Total Appropriation Reserves	<u>337,713</u>	<u>364,146</u>
Accounts Payable - Vendors	69,739	57,564
Accrued Interest on Loans	22,199	2,368
Sewer Rent Overpayments	3,401	12,247
	<u>433,052</u>	<u>436,325</u>
Reserve for Receivables	256,864	200,823
Fund Balance	668,964	595,516
	<u>668,964</u>	<u>595,516</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 1,358,880</u>	<u>\$ 1,232,664</u>

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

	Sewer Utility Operating Fund Year Ended December 31,	
	2024	2023
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 278,867	\$ 206,146
Sewer Fees and Charges	1,590,876	1,541,873
Miscellaneous Revenue	85,239	66,475
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	253,471	318,643
Total Income	2,208,453	2,133,137
<u>Expenditures</u>		
Budget Expenditures:		
Operating	1,653,513	1,619,731
Capital Improvements	50,000	165,000
Debt Service	75,626	
Statutory Expenditures	76,999	71,409
Total Expenditures	1,856,138	1,856,140
Excess in Revenue	352,315	276,997
<u>Fund Balance</u>		
Balance January 1	595,516	524,665
	947,831	801,662
Decreased by:		
Utilized as Anticipated Revenue	278,867	206,146
Balance December 31	\$ 668,964	\$ 595,516

BOROUGH OF MENDHAM
UTILITY OPERATING FUNDS
STATEMENT OF REVENUES
YEAR ENDED DECEMBER 31, 2024

	Sewer Utility Operating Fund	
	Anticipated	Realized
Fund Balance Anticipated	\$ 278,867	\$ 278,867
Sewer Fees and Charges	1,541,872	1,574,477
Miscellaneous Revenue	19,000	85,239
Additional Sewer Fees and Charges	16,399	16,399
	\$ 1,856,138	\$ 1,954,982

Analysis of Miscellaneous Revenue:

Interest on Investments	\$ 49,449
Interest Due From Sewer Utility Capital Fund	24,045
Sewer Connection Fees	2,105
Delinquent Payment Penalties	5,057
Miscellaneous	46
Sewer Allocation	4,537
	\$ 85,239

Analysis of Sewer Fees and Charges:

Cash Collected and Overpayments Applied	\$ 1,590,876
	\$ 1,590,876

BOROUGH OF MENDHAM
UTILITY OPERATING FUNDS
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2024

	Sewer Utility Operating Fund			
	Appropriations		Expended by	
	Budget	Budget After Modi- fication	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 485,139	\$ 485,139	\$ 476,748	\$ 8,391
Other Expenses	1,168,374	1,168,374	878,607	289,767
Total Operating	1,653,513	1,653,513	1,355,355	298,158
Capital Improvements:				
Capital Improvement Fund	50,000	50,000	50,000	
Total Capital Improvements	50,000	50,000	50,000	
Debt Service:				
NJ Environmental Infrastructure Trust:				
Payment of Loan Principal and Interest	75,626	75,626	75,626	
Total Debt Service	75,626	75,626	75,626	
Statutory Expenditures:				
Social Security System (O.A.S.I.)	37,999	37,999	37,981	18
Public Employees' Retirement System	35,000	35,000	34,084	916
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	4,000	4,000	4,000	
Total Statutory Expenditures	76,999	76,999	76,065	934
	\$ 1,856,138	\$ 1,856,138	\$ 1,557,046	\$ 299,092

Analysis of Paid or Charged:

Cash Disbursed	\$ 1,460,709
Accrued Interest on Loans	57,716
Outstanding Encumbrances	38,621
	\$ 1,557,046

BOROUGH OF MENDHAM
UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2023	\$ 199,845
Increased by:	
Sewer Charges Levied	<u>1,646,917</u>
	1,846,762
Decreased by:	
Collections and Overpayments Applied	<u>1,590,876</u>
Balance December 31, 2024	<u><u>\$ 255,886</u></u>

BOROUGH OF MENDHAM
UTILITY OPERATING FUND
SCHEDULE OF 2023 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2024

	<u>Balance</u> <u>Dec. 31, 2023</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	\$ 9,528	\$ 9,528		\$ 9,528
Other Expenses	354,082	354,082	\$ 110,675	243,407
Social Security	536	536		536
	<u>\$ 364,146</u>	<u>\$ 364,146</u>	<u>\$ 110,675</u>	<u>\$ 253,471</u>
 <u>Analysis of Balance:</u>				
Unencumbered	\$ 296,236			
Encumbered	67,910			
	<u>\$ 364,146</u>			
 <u>Analysis of Paid or Charged:</u>				
Cash Disbursed			\$ 88,388	
Accounts Payable			22,287	
			<u>\$ 110,675</u>	

BOROUGH OF MENDHAM
UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON LOANS

Balance December 31, 2023	\$ 2,368
Increased by:	
Charged to Current Year Budget	<u>57,716</u>
	60,084
Decreased by:	
Interest Paid	<u>37,885</u>
Balance December 31, 2024	<u><u>\$ 22,199</u></u>

BOROUGH OF MENDHAM
COUNTY OF MORRIS
2024
UTILITY CAPITAL FUNDS

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

E

BOROUGH OF MENDHAM
UTILITY CAPITAL FUNDS
COMPARATIVE BALANCE SHEET

	Sewer Utility Capital Fund	
	December 31,	
	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 697,130	\$ 361,422
Fixed Capital	14,542,077	14,542,077
Fixed Capital Authorized and Uncompleted	<u>7,435,000</u>	<u>7,385,000</u>
 TOTAL ASSETS	 <u>\$ 22,674,207</u>	 <u>\$ 22,288,499</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
Loan Payable - NJ I-Bank - Project in Progress	\$ 2,348,572	\$ 343,993
New Jersey Environmental Infrastructure Trust Loans Payable	2,290,312	2,308,222
Improvement Authorizations:		
Funded	561,489	511,489
Unfunded	1,838,351	3,557,222
Interfund Payable	3,288	3,288
Capital Improvement Fund	50,208	50,208
Reserve for:		
Amortization	14,542,077	14,542,077
Deferred Amortization	902,910	835,000
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>\$ 22,674,207</u>	 <u>\$ 22,288,499</u>

BOROUGH OF MENDHAM
UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2023	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2024
		Miscel- laneous	Budget Appropriation	Improvement Authori- zations	Miscel- laneous	From	To	
Capital Fund Balance	\$ 135,664							\$ 135,664
Capital Improvement Fund	50,208		\$ 50,000			\$ 50,000		50,208
Due (from)/to Sewer Utility Operating Fund	3,288	\$ 24,045			\$ 24,045			3,288
Loan Payable - NJ I-Bank - Project in Progress		2,004,579				2,004,579		
Reserve to Pay Debt Service	1,336							1,336
<u>Improvement Authorizations:</u>								
Ord.								
No.	Improvement Description							
05-18	Improvement of the Sanitary Sewerage System	3,956						3,956
09-19	Acquisition of New Vehicle	1,196						1,196
11-19; 14-23	Improvement of the Sewerage System	(340,563)		\$ 1,718,871		\$ 2,004,579		(54,855)
04-20	Improvement of the Sanitary Sewerage System	5,957						5,957
11-21	Improvement of the Sanitary Sewerage System	47,507						47,507
06-22	Improvement of the Sanitary Sewerage System	338,951						338,951
06-23	Improvement of the Sanitary Sewerage System	113,922						113,922
05-24	Improvement of the Sanitary Sewerage System					50,000		50,000
	<u>\$ 361,422</u>	<u>\$ 2,028,624</u>	<u>\$ 50,000</u>	<u>\$ 1,718,871</u>	<u>\$ 24,045</u>	<u>\$ 2,054,579</u>	<u>\$ 2,054,579</u>	<u>\$ 697,130</u>

BOROUGH OF MENDHAM
UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

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

NOT APPLICABLE

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

Balance December 31, 2023	\$	2,308,222
Decreased by:		
Principal Matured:		
Paid by Sewer Utility Operating Budget		17,910
Balance December 31, 2024	\$	2,290,312

Schedule of Principal and Interest Payments Outstanding December 31, 2024
Trust Loan - 2023 Issue (2023A-W1)

Payment Number	Due	Principal	Interest	Loan Balance
				\$ 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

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

Schedule of Principal and Interest Payments Outstanding December 31, 2024
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	\$ 854,410	

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

Schedule of Principal Payments Outstanding December 31, 2024
Fund Loan - 2023 Issue

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 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	716,395
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	555,206
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	394,017
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	241,783
42	02/01/45	8,955	232,828
43	08/01/45	17,910	214,919
44	02/01/46	8,955	205,964
45	08/01/46	17,910	188,054

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

Schedule of Principal Payments Outstanding December 31, 2024
Fund Loan - 2023 Issue

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
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	80,594
54	02/01/51	8,955	71,639
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>\$ 779,080</u>	

BOROUGH OF MENDHAM
UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2023		2024 Authorizations	Paid or Charged	Balance Dec. 31, 2024	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund		Funded	Unfunded
05-18	Improvement of the Sanitary Sewerage System	06/07/18	\$ 140,000	\$ 3,956				\$ 3,956	
09-19	Acquisition of New Vehicle	08/26/19	47,000	1,196				1,196	
11-19; 14-23	Improvement of Sewerage System	9/23/2019; 11/29/23	5,075,000 1,475,000		\$ 3,557,222		\$ 1,718,871		\$ 1,838,351
04-20	Improvement of the Sanitary Sewerage System	06/10/20	62,000	5,957				5,957	
11-21	Improvement of the Sanitary Sewerage System	08/23/21	126,000	47,507				47,507	
06-22	Improvement of the Sanitary Sewerage System	06/27/22	544,000	338,951				338,951	
06-23	Improvement of the Sanitary Sewerage System	04/12/23	165,000	113,922				113,922	
05-24	Improvement of the Sanitary Sewerage System	04/22/24	50,000			\$ 50,000		50,000	
				<u>\$ 511,489</u>	<u>\$ 3,557,222</u>	<u>\$ 50,000</u>	<u>\$ 1,718,871</u>	<u>\$ 561,489</u>	<u>\$ 1,838,351</u>
							<u>\$ 1,718,871</u>		

Cash Disbursed

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2023	Fixed Capital Authorized	Loans Paid From Operating Budget	Balance Dec. 31, 2024
11-19; 14-23	Improvement of Sewerage System	9/23/2019; 11/29/23			\$ 17,910	\$ 17,910
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
5-24	Improvement of Sewerage System	04/22/24		\$ 50,000		50,000
			<u>\$ 835,000</u>	<u>\$ 50,000</u>	<u>\$ 17,910</u>	<u>\$ 902,910</u>

BOROUGH OF MENDHAM
UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2024

Ord. No.	Improvement Description	Balance Dec. 31, 2023	Loans Issued	Balance Dec. 31, 2024
11-19; 14-23	Improvement of Sewerage System	\$ 3,897,785	\$ 2,004,579	\$ 1,893,206
		<u>\$ 3,897,785</u>	<u>\$ 2,004,579</u>	<u>\$ 1,893,206</u>

BOROUGH OF MENDHAM
COUNTY OF MORRIS
2024
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
		(Restated) 2023
<u>GENERAL FIXED ASSETS:</u>	2024	
Assets:		
Land	\$ 1,767,500	\$ 1,767,500
Buildings and Building Improvements	3,855,915	3,855,915
Machinery and Equipment	6,504,747	6,452,667
Total Assets	\$ 12,128,162	\$ 12,076,082
RESERVES:		
Reserve for General Fixed Assets	\$ 12,128,162	\$ 12,076,082
Total Reserves	\$ 12,128,162	\$ 12,076,082

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

	(Restated)			Balance Dec. 31, 2024
	Balance Dec. 31, 2023	Additions	Deletions	
Land	\$ 1,767,500			\$ 1,767,500
Buildings and Building Improvements	3,855,915			3,855,915
Machinery and Equipment	6,452,667	\$ 120,580	\$ 68,500	6,504,747
Total	<u>\$ 12,076,082</u>	<u>\$ 120,580</u>	<u>\$ 68,500</u>	<u>\$ 12,128,162</u>

STATISTICAL SECTION
(Unaudited)

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

EXPENDITURES	YEAR ENDED DECEMBER 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Current Fund:										
General Government	\$ 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	\$ 3,373,814
Public Safety	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	2,604,226
Streets and Roads	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	1,083,330
Health and Welfare	98,277	97,946	102,786	100,768	98,688	106,755	105,375	100,500	113,912	108,262
Recreation and Education	91,350	81,531	77,170	159,900	273,250	170,895	162,837	176,950	98,845	107,684
Deferred Charges and Statutory Expenditures	624,886	654,594	675,879	721,079	733,622	759,950	842,323	969,833	981,300	975,716
Capital	320,000	320,000	320,000	370,000	375,000	453,000	1,027,000	596,336	444,000	133,500
Debt Service	752,471	756,275	757,332	748,934	603,091	603,904	588,601	85,007	103,069	107,985
Reserve for Uncollected Taxes	709,685	723,885	731,085	738,395	745,705	745,705	745,705	745,705	745,705	760,705
Current Fund Budget Totals	<u>7,889,113</u>	<u>8,104,723</u>	<u>8,118,847</u>	<u>8,350,087</u>	<u>8,590,564</u>	<u>8,758,125</u>	<u>9,575,223</u>	<u>9,507,249</u>	<u>9,331,344</u>	<u>9,255,222</u>
Utility Operating Funds:										
Utility Operations	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	1,653,513
Deferred Charges and Statutory Expenditures	53,516	55,449	56,234	57,414	58,212	59,000	58,000	64,000	71,409	76,999
Capital	75,000	25,000	75,000	120,000	75,000	75,000	71,000	220,000	165,000	50,000
Debt Service	523,312	539,757	525,842	293,763	294,842	294,386	295,165			75,626
Utility Operating Fund Budget Totals	<u>1,908,469</u>	<u>1,915,406</u>	<u>1,982,008</u>	<u>1,807,882</u>	<u>1,745,619</u>	<u>1,802,613</u>	<u>1,818,279</u>	<u>1,834,576</u>	<u>1,856,140</u>	<u>1,856,138</u>
County Taxes	3,507,990	3,502,567	3,581,574	3,582,288	3,564,076	3,538,656	3,411,392	3,515,405	3,622,053	3,797,501
Local and Regional School Taxes	17,255,946	17,732,026	18,383,927	18,702,616	18,836,937	19,333,567	19,662,353	20,032,437	20,540,675	20,312,499
Municipal Open Space Taxes	109,594	109,594	109,769	109,769	109,982	109,677	109,840	109,648	109,921	109,985
Other Expenditures	140,000	280,072	155,735	652,972	416,573	50,078	61,313	2,610	217,478	23,951
TOTAL EXPENDITURES	<u>\$ 30,811,112</u>	<u>\$ 31,644,388</u>	<u>\$ 32,331,860</u>	<u>\$ 33,205,614</u>	<u>\$ 33,263,751</u>	<u>\$ 33,592,716</u>	<u>\$ 34,638,400</u>	<u>\$ 35,001,925</u>	<u>\$ 35,677,611</u>	<u>\$ 35,355,296</u>

Source: Borough records.

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

REVENUE	YEAR ENDED DECEMBER 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Current Fund:										
Fund Balance Anticipated	\$ 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	\$ 1,570,745
Miscellaneous Revenue	799,084	1,032,109	834,866	763,343	824,650	878,191	1,009,707	1,176,248	1,700,899	1,292,593
Receipts from Delinquent Taxes	159,645	209,055	167,304	108,883	116,213	68,902	125,443	112,734	77,570	204,156
Receipts from Current Taxes	<u>6,195,828</u>	<u>6,405,531</u>	<u>6,527,993</u>	<u>6,740,423</u>	<u>6,716,455</u>	<u>6,808,813</u>	<u>7,023,171</u>	<u>7,158,293</u>	<u>7,326,881</u>	<u>7,354,053</u>
Current Fund Budget Totals	<u>8,578,475</u>	<u>9,163,719</u>	<u>9,038,980</u>	<u>9,240,279</u>	<u>9,343,030</u>	<u>9,469,118</u>	<u>10,340,309</u>	<u>10,404,263</u>	<u>10,565,350</u>	<u>10,421,547</u>
Utility Operating Funds:										
Fund Balance Anticipated	426,607	399,607	451,292	156,542	174,674	206,146	206,146	206,146	206,146	278,867
Water and Sewer Rents	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	1,590,876
Miscellaneous Revenue	<u>19,900</u>	<u>22,822</u>	<u>49,622</u>	<u>37,060</u>	<u>36,015</u>	<u>51,080</u>	<u>25,477</u>	<u>19,086</u>	<u>66,475</u>	<u>85,239</u>
Utility Operating Fund Budget Totals	<u>2,042,939</u>	<u>1,983,972</u>	<u>2,090,089</u>	<u>1,774,810</u>	<u>1,774,805</u>	<u>1,847,212</u>	<u>1,858,718</u>	<u>1,865,132</u>	<u>1,814,494</u>	<u>1,954,982</u>
Non-Budget Revenues	409,761	369,104	369,646	381,580	509,073	1,143,609	699,558	686,638	405,482	437,766
Other Credits to Income	761,330	560,649	515,146	798,487	961,755	896,095	701,542	726,397	1,025,421	933,156
Taxes Allocated to School, County and Open Space	<u>20,873,530</u>	<u>21,344,187</u>	<u>22,075,270</u>	<u>22,394,673</u>	<u>22,510,995</u>	<u>22,981,900</u>	<u>23,183,585</u>	<u>23,657,490</u>	<u>24,272,649</u>	<u>24,219,985</u>
TOTAL REVENUE	<u>\$ 32,666,035</u>	<u>\$ 33,421,631</u>	<u>\$ 34,089,131</u>	<u>\$ 34,589,829</u>	<u>\$ 35,099,658</u>	<u>\$ 36,337,934</u>	<u>\$ 36,783,712</u>	<u>\$ 37,339,920</u>	<u>\$ 38,083,396</u>	<u>\$ 37,967,436</u>

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 Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
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%
2024	31,114,934	30,813,333	99.03%	204,156	31,017,489	99.69%	242,392	0.78%

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
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
2024	0.649	0.959	0.543	0.301	0.008	2.460

Source: Tax Collector.

Table 5

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

<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>
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%
2024	1,264,043,370	1,542,080,373	81.97%

Source: Abstract of Ratables, County Board of Taxation

BOROUGH OF MENDHAM
 TEN LARGEST TAXPAYERS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 UNAUDITED

Taxpayer	Type of Business	2024 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	4,779,400	0.38%
Individual Taxpayer #7	Individual	4,441,600	0.35%
Total		<u>\$ 75,827,300</u>	<u>6.00%</u>

Source: Tax Assessor

Table 7

BOROUGH OF MENDHAM
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2024
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>	
2024	\$ 1,600,615,677	
2023	1,536,565,684	
2022	<u>1,420,959,847</u>	
	<u>\$ 4,558,141,208</u>	
Average equalized valuation of taxable property		\$ 1,519,380,403
Borough borrowing margin (3.5% of \$1,519,380,403)	\$ 53,178,314	
Net debt as of December 31, 2024	<u>1,462,577</u>	
Borough borrowing margin available	<u>\$ 51,715,737</u>	

Source: Equalized valuation bases were provided by the Annual report of the State of New Jersey, Department of Treasury, Division of Taxation for 2024, 2023, and 2022.

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>
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	4,970	1,263,270,524	730,497	0.06%	147
2024	* 4,970	1,264,043,370	643,218	0.05%	129

Source: Borough of Mendham Records

(*) Information provided by U.S. Bureau of the Census, Population Division, 2024 numbers not available, used 2023 as an estimate.

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>
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%
2024	87,279	20,706	107,985	35,355,296	0.31%

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>
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 %	111,597	4,958
2023	3.90 %	111,597 ***	4,970
2024	3.90 % ****	111,597 ***	4,970 ****

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 2024 and 2023, used 2022 as an estimate
- (****) Information not available for 2024, used 2023 as an estimate

Table 11

BOROUGH OF MENDHAM
MISCELLANEOUS STATISTICS
DECEMBER 31, 2024
UNAUDITED

Date of Incorporation	May 15, 1906
Form of Government	Borough
Number of Employees	Full Time 35 Part Time 22
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	203
Number of inspections conducted	176
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	11
Number of law violations	
Physical Arrests	37
Traffic violations	912
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

BOROUGH OF MENDHAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

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 Treasury (Passed through New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	3/3/2021	12/31/2024	100-022-8030-687-046010	\$ 507,328		\$ 201,055	\$ 507,328
Subtotal - U.S. Department of Treasury						<u>507,328</u>		<u>201,055</u>	<u>507,328</u>
TOTAL FEDERAL AWARDS						<u>\$ 507,328</u>	<u>\$</u>	<u>\$ 201,055</u>	<u>\$ 507,328</u>

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, 2024

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	12/31/25	\$ 1,145		\$ 815	\$ 815	
			01/01/23	12/31/24	1,268		1,268	1,268	
			01/01/24	12/31/25	1,306				
Subtotal - Department of Law and Public Safety					<u>3,719</u>		<u>2,083</u>	<u>2,083</u>	
Department of Environmental Protection	Clean Communities Act	765-042-4900 004-178910	01/01/23	12/31/24	13,251		5,150	13,251	
			01/01/24	12/31/25	15,051	\$ 15,051	7,381	7,381	
					<u>28,302</u>	<u>15,051</u>	<u>12,531</u>	<u>20,632</u>	
	Recycling Tonnage Grant	100-042-4910 224-238490	01/01/23	12/31/25	15,810		3,186	3,186	
			01/01/24	12/31/25	8,008	5,051	2,283	2,283	
			<u>23,818</u>		<u>5,051</u>	<u>5,469</u>	<u>5,469</u>		
	New Jersey Environmental Infrastructure Financing Program: Wastewater Treatment Plant Improvements		S340159-04	01/01/21	12/31/25	<u>5,075,000</u>	<u>2,004,579</u>	<u>1,718,871</u>	<u>4,711,649</u>
	Stormwater Assistance Grant	100-042-4850- 099-290400	01/01/23	12/31/25	<u>25,000</u>		<u>2,500</u>	<u>2,500</u>	
	Subtotal - Department of Environmental Protection					<u>5,152,120</u>	<u>2,024,681</u>	<u>1,739,371</u>	<u>4,740,250</u>
	Department of Transportation	Local Municipal Aid 2022 - Florie Farm Road	480-078-6320- AO1-606282	01/01/22	12/31/24	339,000	84,750		339,000
Local Municipal Aid 2023 - Phoenix and Knollwood Road		480-078-6320- APF-606282	01/01/23	12/31/24	199,815	149,861	199,815	199,815	
Local Municipal Aid 2024 - Gunther Street	N/A	01/01/24	12/31/25	<u>234,567</u>		<u>56,797</u>	<u>56,797</u>		
Subtotal - Department of Transportation					<u>773,382</u>	<u>234,611</u>	<u>256,612</u>	<u>595,612</u>	
Department of Community Affairs	New Jersey Historic Preservation Grant	N/A	01/01/23	12/31/24	<u>348,565</u>		<u>238,545</u>	<u>348,565</u>	
Subtotal - Department of the Community Affairs					<u>348,565</u>		<u>238,545</u>	<u>348,565</u>	
TOTAL STATE AWARDS					<u>\$ 6,277,786</u>	<u>\$ 2,259,292</u>	<u>\$ 2,236,611</u>	<u>\$ 5,686,510</u>	

N/A - not available

BOROUGH OF MENDHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2024

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, 2024. 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, 2024:

NJ I-Bank – Project in Progress	\$2,348,572
NJEIT Loans Payable	\$2,290,312

The Borough is in the process of repaying these loans. The Borough received \$4,656,794 as of December 31, 2024. Project expenditures in the current year totaled \$1,718,871. The project related to the loan is not complete.



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, 2024 and 2023, and the related notes to the financial statements and have issued our report thereon dated June 6, 2025. 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 Questioned Costs as Finding 2024-001, 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

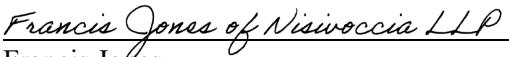
Government Auditing Standards requires the auditor to perform limited procedures on the Borough's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Borough's responses were not subjected to the other auditing procedures 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 6, 2025

NISIVOCCIA LLP


Francis Jones
Certified Public Accountant
Registered Municipal Accountant No. 442



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Borough of Mendham's (the "Borough's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the Borough's major state program for the year ended December 31, 2024. The Borough's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2024.

Basis for Opinion on Each Major State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

The Honorable Mayor and Members
of the Borough Council
Borough of Mendham
Mendham, New Jersey
Page 3

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

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

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

Mount Arlington, New Jersey
June 6, 2025

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Certified Public Accountant
Registered Municipal Accountant No. 442

BOROUGH OF MENDHAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

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.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance required by NJOMB 15-08*.
- The auditors' report on compliance for the major state program for the Borough expresses an unmodified opinion on the major state program.
- The Borough was not subject to the single audit provisions of the Uniform Guidance for the year ended December 31, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of Uniform Guidance.
- The Borough's program tested as a major state program for the current year consisted of the following state program:

<u>State Program:</u>	<u>State Grant Award No.</u>	<u>Award Amount</u>	<u>Expenditures</u>
New Jersey Environmental Infrastructure Financing Program:			
Wastewater Treatment Plant Improvements	S340159-04	\$ 5,075,000	\$ 1,718,871

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

BOROUGH OF MENDHAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024
(Continued)

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 2024-001

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.

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:

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

BOROUGH OF MENDHAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

The prior year finding 2023-001 regarding segregation of duties was not resolved due to budgetary constraints and is included as a current year finding.

**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 2024, 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, 2024. 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>
2024	3
2023	3
2022	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 2024 Taxes	25
Payments of 2025 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, 2024. 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, 2024.

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.

Change Orders

During the audit, it was noted that certain change orders exceeded the 20 percent threshold of the originally awarded contract price. Pursuant to N.J.A.C. 5:30-11, the Borough passed resolutions authorizing the change orders but did not advertise the change orders in a timely manner.

Recommendation

It is recommended that all change orders that cause the originally awarded contract price to be exceeded by more than 20 percent be advertised in a timely manner pursuant to N.J.A.C. 5:30-11.

Management's Response

All change orders that cause the originally awarded contract price to be exceeded by more than 20 percent will be advertised in a timely manner pursuant to N.J.A.C. 5:30-11.

Municipal Court

The transactions for the year 2024 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Receipts</u>	<u>Dis-</u> <u>bursements</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
State of New Jersey	\$ 1,780	\$ 33,551	\$ 31,661	\$ 3,670
County	1,171	14,986	14,673	1,484
Municipality	2,360	35,775	34,223	3,912
Municipality POAA		8	6	2
Restitution		600	500	100
Weights and Measures		21,800	19,050	2,750
Fish and Game		75	75	
	<u>\$ 5,311</u>	<u>\$ 106,795</u>	<u>\$ 100,188</u>	<u>\$ 11,918</u>

BOROUGH OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

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 2023 audit report. The prior year recommendation regarding employee health benefit contribution calculations was resolved in the current year. 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. All change orders that cause the originally awarded contract price to be exceeded by more than 20 percent be advertised in a timely manner pursuant to N.J.A.C. 5:30-11.

* * * * *