

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2021

*NISIVOCCIA, LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2021

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TOWNSHIP OF MENDHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township 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 Township of Mendham, in the County of Morris (the "Township") as of and for the years ended December 31, 2021 and 2020, 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 Township as of December 31, 2021 and 2020, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, 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 Township as of December 31, 2021 and 2020, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, 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 Township 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 State of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Township'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 Township'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.

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 Township's financial statements. The supplementary data 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 and account group 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 supplementary data 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022 on our consideration of the Township'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 Township'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 Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
April 25, 2022

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Certified Public Accountant

Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
		2021	2020
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,277,735.85	\$ 3,479,981.15
Change Fund		150.00	150.00
		<u>3,277,885.85</u>	<u>3,480,131.15</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	473,373.48	266,175.50
Tax Title Liens Receivable	A-8	74,958.50	70,092.11
Revenue Accounts Receivable	A-9	1,896.24	1,239.46
Due from Animal Control Fund	B	877.71	817.60
Due from Other Trust Funds	B		15,908.36
Due from General Capital Fund	C	24,016.23	
Due from Payroll Accounts		176.86	
Total Receivables and Other Assets with Full Reserves		<u>575,299.02</u>	<u>354,233.03</u>
Deferred Charges:			
Special Emergency Authorization	A-3	356,000.00	70,000.00
Total Deferred Charges		<u>356,000.00</u>	<u>70,000.00</u>
Total Regular Fund		<u>4,209,184.87</u>	<u>3,904,364.18</u>
Federal & State Grant Fund:			
Cash and Cash Equivalents:	A-5	409,782.43	
Due from Current Fund	A		91,929.67
Total Federal and State Grant Fund		<u>409,782.43</u>	<u>91,929.67</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,618,967.30</u>	<u>\$ 3,996,293.85</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 154,625.82	\$ 176,298.15
Unencumbered	A-3;A-11	802,221.34	717,996.31
		<u>956,847.16</u>	<u>894,294.46</u>
Accounts Payable - Vendors		10,568.74	2,640.00
Prepaid Taxes		214,903.78	185,857.59
Tax Overpayments		8,877.03	
County Taxes Payable		23,295.12	9,576.48
Regional High School District Taxes	A-13	1.00	
Due to State of New Jersey:			
Marriage Licenses		75.00	75.00
Department of Community Affairs Training Fees		3,201.00	3,376.00
Senior Citizens & Veterans Deductions		5,439.64	5,774.57
Due to Federal & State Grant Fund	A		91,929.67
Due to Other Trust Funds	B	2,619.07	
Reserve for:			
Tax Sale Premiums		43,100.00	87,700.00
Pending Tax Appeals		145,761.79	150,000.00
Sale of Municipal Assets		33,949.36	33,949.36
Township Reassessment		225,000.00	
Tax Map Preparation		42,000.00	56,000.00
Fire Prevention		10,000.00	10,000.00
		<u>1,725,638.69</u>	<u>1,531,173.13</u>
Reserve for Receivables and Other Assets	A	575,299.02	354,233.03
Fund Balance	A-1	1,908,247.16	2,018,958.02
Total Regular Fund		<u>4,209,184.87</u>	<u>3,904,364.18</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-14	107,351.75	91,929.67
Unappropriated Reserves	A-15	302,430.68	
Total Federal and State Grant Fund		<u>409,782.43</u>	<u>91,929.67</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,618,967.30</u>	<u>\$ 3,996,293.85</u>

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

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,360,830.00	\$ 1,308,000.00
Miscellaneous Revenue Anticipated		1,479,779.53	1,524,989.11
Receipts from:			
Delinquent Taxes		266,175.50	340,556.12
Current Taxes		40,717,462.69	40,629,793.25
Nonbudget Revenue		46,259.41	64,324.68
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		585,265.87	280,949.45
Cancellation of Reserve for Township Reassessment			100,000.00
Appropriated Grant Reserve Canceled			425.00
Tax Sale Premiums Escheated			100.00
Cancellation of Accounts Payable		177.70	
Interfunds Returned		16,725.96	17,686.87
Total Income		<u>44,472,676.66</u>	<u>44,266,824.48</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		10,442,184.41	9,931,053.05
County Taxes		4,700,500.14	4,884,287.70
Due County for Added and Omitted Taxes		23,295.12	9,576.48
Local School District Taxes		17,826,892.00	17,147,364.00
Regional High School Taxes		10,235,646.00	10,627,121.00
Municipal Open Space Trust Taxes		198,614.36	191,865.87
Prior Year Senior Citizens' and Veterans Deductions Disallowed			269.86
Reserve for Pending Tax Appeals		70,354.69	172,605.38
Cancellation of Grants Receivable			3,425.00
Interfunds Advanced		25,070.80	16,725.96
Total Expenditures		<u>43,522,557.52</u>	<u>42,984,294.30</u>
Excess in Revenue		950,119.14	1,282,530.18
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		300,000.00	70,000.00
Statutory Excess to Fund Balance		1,250,119.14	1,352,530.18
<u>Fund Balance</u>			
Balance January 1		2,018,958.02	1,974,427.84
		3,269,077.16	3,326,958.02
Decreased by:			
Utilized as Anticipated Revenue		1,360,830.00	1,308,000.00
Balance December 31	A	<u>\$ 1,908,247.16</u>	<u>\$ 2,018,958.02</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,360,830.00		\$ 1,360,830.00	
Miscellaneous Revenue:				
Alcoholic Beverages	2,185.00		2,185.00	
Fees and Permits	80,000.00		103,265.80	\$ 23,265.80
Municipal Court - Fines and Costs	62,000.00		26,762.86	35,237.14 *
Interest and Costs on Taxes	53,000.00		79,994.93	26,994.93
Interest on Investments and Deposits	30,000.00		31,010.96	1,010.96
Energy Receipts Tax	459,000.00		459,000.00	
Watershed Aid	28,059.00		28,059.00	
Uniform Construction Code Fees	166,000.00		219,368.00	53,368.00
Recycling Tonnage Grant		\$ 2,938.67	2,938.67	
Body Armor Replacement Fund		1,420.74	1,420.74	
Clean Communities		22,335.00	22,335.00	
Uniform Fire Safety Act	1,300.00		1,849.58	549.58
Rents on Municipal Properties	30,000.00		31,326.93	1,326.93
Annual CATV Gross Receipts	96,000.00		100,777.26	4,777.26
Reserve for Pitney Property	300,000.00		300,000.00	
General Capital Fund Balance	69,484.80		69,484.80	
	<u>1,377,028.80</u>	<u>26,694.41</u>	<u>1,479,779.53</u>	<u>76,056.32</u>
Receipts from Delinquent Taxes	<u>225,000.00</u>		<u>266,175.50</u>	<u>41,175.50</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>8,181,295.20</u>		<u>8,761,104.07</u>	<u>579,808.87</u>
Budget Totals	11,144,154.00	26,694.41	11,867,889.10	697,040.69
Nonbudget Revenue			<u>46,259.41</u>	<u>46,259.41</u>
	<u>\$ 11,144,154.00</u>	<u>\$ 26,694.41</u>	<u>\$ 11,914,148.51</u>	<u>\$ 743,300.10</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 40,717,462.69
Allocated to:		
Local School District Taxes	\$ 17,826,892.00	
Regional High School Taxes	10,235,646.00	
Municipal Open Space Taxes	198,614.36	
County Taxes	4,700,500.14	
Due County for Added and Omitted Taxes	23,295.12	
		32,984,947.62
Balance for Support of Municipal Budget		7,732,515.07
Add: Appropriation "Reserve for Uncollected Taxes"		1,028,589.00
Realized for Support of Municipal Budget		\$ 8,761,104.07

Fees and Permits

Clerk		\$ 699.00
Department of Public Works		8,637.00
Board of Health		59,545.00
Police		8,505.50
Planning and Zoning		14,254.30
Fire Inspection		8,870.00
Other		2,755.00
		\$ 103,265.80

Analysis of Interest on Investments:

Treasurer		\$ 20,878.73
Due from Animal Control Fund		39.91
Due from Other Trust Funds		2,456.09
Due from General Capital Fund		7,636.23
		\$ 31,010.96

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Senior Citizens' and Veterans		
Deductions Administrative Fee	\$	370.00
Division of Motor Vehicles - Fines		425.00
Chester Township 2020 Court Closeout		8,162.45
Refund of Prior Year Expenses		28,196.04
Other Miscellaneous		8,268.12
		<hr/>
	\$	45,421.61

Due from Animal Control Fund:

Statutory Excess in Reserve for Animal Control Expenditures		837.80
		<hr/>
	\$	<u>46,259.41</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 165,255.00	\$ 165,255.00	\$ 120,597.50	\$ 44,657.50	
Other Expenses	63,215.00	63,215.00	36,374.77	26,840.23	
Mayor and Council:					
Salaries & Wages	15,700.00	15,700.00	9,200.04	6,499.96	
Other Expenses	8,000.00	8,000.00		8,000.00	
Municipal Clerk:					
Salaries & Wages	77,790.00	77,790.00	74,891.96	2,898.04	
Other Expenses	15,000.00	15,000.00	11,018.25	3,981.75	
Financial Administration:					
Salaries & Wages	111,325.00	111,325.00	96,429.15	14,895.85	
Other Expenses	67,400.00	67,400.00	53,689.99	13,710.01	
Annual Audit	62,365.00	62,365.00	62,365.00		
Management Information Services:					
Other Expenses	72,940.00	72,940.00	68,886.35	4,053.65	
Revenue Administration (Tax Collection):					
Salaries & Wages	33,165.00	33,165.00	30,395.90	2,769.10	
Other Expenses	9,045.00	9,045.00	6,304.58	2,740.42	
Tax Assessment Administration:					
Salaries & Wages	53,270.00	53,270.00	53,069.27	200.73	
Other Expenses (N.J.S.A. 40A: 4-53 + \$300,000.00)	59,790.00	359,790.00	356,926.90	2,863.10	
Legal Services and Costs:					
Other Expenses - General	83,400.00	83,400.00	46,291.00	37,109.00	
Environmental Commission (R.S. 40:56A-1 et seq.):					
Other Expenses	1,250.00	1,250.00	99.00	1,151.00	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Engineering Services and Costs:					
Other Expenses	\$ 45,000.00	\$ 45,000.00	\$ 41,976.54	\$ 3,023.46	
Historic Preservation:					
Other Expenses	1,000.00	1,000.00	712.61	287.39	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	10,150.00	10,150.00	10,088.98	61.02	
Other Expenses	31,100.00	31,100.00	31,100.00		
Board of Adjustment:					
Salaries & Wages	9,800.00	9,800.00	9,597.45	202.55	
Other Expenses	3,850.00	3,850.00	2,388.47	1,461.53	
INSURANCE:					
General Liability Insurance	190,700.00	190,700.00	171,778.75	18,921.25	
Workers Compensation Insurance	133,300.00	133,300.00	132,916.08	383.92	
Group Insurance Plan for Employees	588,200.00	588,200.00	448,904.00	139,296.00	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,674,410.00	1,674,410.00	1,604,313.00	70,097.00	
Other Expenses	82,350.00	82,350.00	81,816.31	533.69	
Contractual Radio Dispatch	142,000.00	142,000.00	140,956.38	1,043.62	
Emergency Management Services:					
Salaries & Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	200.00	200.00		200.00	
Aid to Volunteer Fire Company	63,295.00	63,295.00	55,015.20	8,279.80	
Municipal Court:					
Other Expenses	119,000.00	119,000.00	118,745.00	255.00	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY (Cont'd):					
Fire:					
Salaries & Wages	\$ 10,045.00	\$ 10,045.00	\$ 7,999.96	\$ 2,045.04	
Other Expenses	4,000.00	4,000.00	2,678.00	1,322.00	
Fire Hydrant Service	76,675.00	76,675.00	66,640.27	10,034.73	
Fire Cistern Maintenance	5,000.00	5,000.00		5,000.00	
PUBLIC WORKS:					
Street Road Repairs and Maintenance:					
Salaries & Wages	796,235.00	796,235.00	684,411.33	111,823.67	
Other Expenses	196,200.00	196,200.00	161,051.58	35,148.42	
Snow Removal:					
Other Expenses	260,900.00	260,900.00	181,682.58	79,217.42	
Storm Water Management:					
Other Expenses	30,000.00	30,000.00	13,040.25	16,959.75	
Sanitation:					
Trash Removal	290,924.00	290,924.00	270,057.26	20,866.74	
Public Building and Grounds:					
Other Expenses	103,700.00	103,700.00	93,495.60	10,204.40	
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	27,500.00	27,500.00	22,985.96	4,514.04	
Other Expenses	7,800.00	7,800.00	6,440.91	1,359.09	
Health Services Contract	74,800.00	74,800.00	74,363.21	436.79	
Animal Control:					
Other Expenses	15,500.00	15,500.00	11,444.00	4,056.00	
Senior Citizen Programs:					
Other Expenses	15,000.00	15,000.00	15,000.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PARKS AND RECREATION:					
Board of Recreation Commissioners:					
Salaries & Wages	\$ 28,090.00	\$ 28,090.00	\$ 27,683.27	\$ 406.73	
Other Expenses	18,655.00	18,655.00	18,598.54	56.46	
Maintenance of Parks:					
Other Expenses	154,800.00	154,800.00	153,165.18	1,634.82	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	107,010.00	107,010.00	92,740.62	14,269.38	
Other Expenses	10,865.00	10,865.00	5,938.54	4,926.46	
Other Code Enforcement:					
Salaries & Wages	103,920.00	103,920.00	72,787.19	31,132.81	
UNCLASSIFIED:					
Utilities	255,500.00	255,500.00	254,886.54	613.46	
Total Operations Within "CAPS"	6,589,384.00	6,889,384.00	6,116,939.22	772,444.78	
Detail:					
Salaries & Wages	3,226,665.00	3,226,665.00	2,920,191.58	306,473.42	
Other Expenses	3,362,719.00	3,662,719.00	3,196,747.64	465,971.36	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Statutory Expenditures:					
Contribution to Public Employees Retirement System (ERIP)	16,850.00	16,850.00	16,826.00	24.00	
Public Employees' Retirement System	193,100.00	193,100.00	193,013.00	87.00	
Social Security System (O.A.S.I.)	254,645.00	254,645.00	236,247.00	18,398.00	
Unemployment Compensation Insurance	1.00	1.00		1.00	
Defined Contribution Retirement System	3,500.00	3,500.00	1,245.44	2,254.56	
Police & Fireman's Retirement System of NJ	463,200.00	463,200.00	463,188.00	12.00	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	\$ 931,296.00	\$ 931,296.00	\$ 910,519.44	\$ 20,776.56	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,520,680.00	7,820,680.00	7,027,458.66	793,221.34	
Operations Excluded from "CAPS": Aid to Privately Owned Library (R.S. 40A:54-35): Other Expenses	227,000.00	227,000.00	227,000.00		
Contribution to : Length of Service Award Program	55,000.00	55,000.00	46,000.00	9,000.00	
State and Federal Programs Offset by Revenue: Clean Communities Program (N.J.S.A. 40A:4-87 + \$22,335.00) NJ Body Armor Grant (N.J.S.A. 40A:4-87 + \$1,420.74) Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$2,938.67)			22,335.00 1,420.74 2,938.67		
Total Operations Excluded from "CAPS"	282,000.00	308,694.41	299,694.41	9,000.00	
Detail: Other Expenses	282,000.00	308,694.41	299,694.41	9,000.00	
Capital Improvements - Excluded from "CAPS" Capital Improvement Fund	513,500.00	513,500.00	513,500.00		
Total Capital Improvements - Excluded from "CAPS"	513,500.00	513,500.00	513,500.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	\$ 921,500.00	\$ 921,500.00	\$ 921,500.00		
Payment of Bond Anticipation Notes and Capital Notes	645,000.00	645,000.00	645,000.00		
Interest on Bonds	148,485.00	148,485.00	148,485.00		
Interest on Notes	70,400.00	70,400.00	70,325.00		\$ 75.00
Total Municipal Debt Service - Excluded from "CAPS"	1,785,385.00	1,785,385.00	1,785,310.00		75.00
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorization - 5 Years (N.J.S.A. 40A:4-55)	14,000.00	14,000.00	14,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	14,000.00	14,000.00	14,000.00		
Total General Appropriations - Excluded from "CAPS"	2,594,885.00	2,621,579.41	2,612,504.41	\$ 9,000.00	75.00
Subtotal General Appropriations	10,115,565.00	10,442,259.41	9,639,963.07	802,221.34	75.00
Reserve for Uncollected Taxes	1,028,589.00	1,028,589.00	1,028,589.00		
Total General Appropriations	\$ 11,144,154.00	\$ 11,470,848.41	\$ 10,668,552.07	\$ 802,221.34	\$ 75.00

Ref.

A

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 11,144,154.00	
Added by N.J.S.A. 40A:4-87		26,694.41	
Special Emergency Authorization N.J.S.A. 40A: 4-53		<u>300,000.00</u>	
		<u>\$ 11,470,848.41</u>	
Cash Disbursed			\$ 9,347,341.69
Encumbrances Payable	A		154,625.82
Reserve for Pending Tax Appeals			50,000.00
Reserve for Township Reassessment of Property			300,000.00
Deferred Charge Special Emergency Authorizations			14,000.00
Reserve for Uncollected Taxes			1,028,589.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			<u>26,694.41</u>
			<u>10,921,250.92</u>
Less: Appropriation Refunds			<u>252,698.85</u>
			<u>\$ 10,668,552.07</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
TRUST FUNDS

TOWNSHIP OF MENDHAM
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31	
		2021	2020
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 10,361.71	\$ 9,647.00
Change Fund		20.00	20.00
		<u>10,381.71</u>	<u>9,667.00</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,271,243.44	1,066,387.90
Due from Current Fund	A	2,619.07	
Municipal Alliance Grant Receivable:			
Due from County of Morris		9,056.00	10,130.85
Due from Other Municipalities		1,264.00	4,140.00
		<u>1,284,182.51</u>	<u>1,080,658.75</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,294,564.22</u>	<u>\$ 1,090,325.75</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Prepaid Municipal Licenses		\$ 852.60	\$ 1,258.80
Due to Current Fund	A	877.71	817.60
Due to State of New Jersey		90.60	143.40
Reserve for Animal Control Fund Expenditures	B-5	8,560.80	7,447.20
		<u>10,381.71</u>	<u>9,667.00</u>
Other Trust Funds:			
Due to Current Fund	A		15,908.36
Reserve for:			
Developers' Deposits		486,508.47	441,996.09
State Unemployment Insurance		20,679.59	16,342.56
Recreation		138,730.53	148,986.40
Parking Offenses Adjudication Act		2.00	327.93
Open Space Preservation		3,263.20	2,114.11
Road Detail		58,264.10	10,796.10
Public Defender		13,243.40	12,758.40
Storm Recovery		338,478.99	228,636.89
Historic Preservation		6,850.00	1,000.00
Forfeited Assets		10,347.17	10,347.17
Municipal Alliance		15,785.54	16,147.41
Police Donations		88,938.39	72,206.20
Environmental Committee		775.53	775.53
Accumulated Sick Leave		102,315.60	102,315.60
		<u>1,284,182.51</u>	<u>1,080,658.75</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,294,564.22</u>	<u>\$ 1,090,325.75</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,880,873.58	\$ 1,347,890.78
Accounts Receivable:			
New Jersey Department of Transportation		584,000.00	584,000.00
New Jersey Department of Environmental Protection		377,500.00	377,500.00
County of Morris Trails Construction		264,752.50	264,752.50
Deferred Charges to Future Taxation:			
Funded		3,263,479.69	4,369,299.90
Unfunded	C-4	10,096,486.67	10,266,486.67
<u>TOTAL ASSETS</u>		<u>\$ 16,467,092.44</u>	<u>\$ 17,209,929.85</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 7,000,000.00	\$ 4,850,000.00
Serial Bonds Payable	C-8	3,225,000.00	4,255,000.00
Green Acres Loan Payable	C-9	38,479.69	114,299.90
Improvement Authorizations:			
Funded	C-5	692,180.07	1,958,701.63
Unfunded	C-5	4,770,639.73	5,009,296.80
Due to Current Fund	A	24,016.23	
Capital Improvement Fund	C-6	92,418.18	92,418.18
Reserve for:			
Preliminary Expenses - Appraisals		35.00	35.00
Municipal Facilities		2,438.00	7,058.00
Pitney Property		549,326.00	849,326.00
Preliminary Expenses - Town Hall Feasibility Study		55.48	55.48
Preliminary Expenses - Road Improvements		300.00	300.00
Fund Balance	C-1	72,204.06	73,438.86
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 16,467,092.44</u>	<u>\$ 17,209,929.85</u>

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

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 73,438.86
Increased by:		
Premium on Bond Anticipation Notes		<u>68,250.00</u>
		141,688.86
Decreased by:		
Due to Current Fund		<u>69,484.80</u>
Balance December 31, 2021	C	<u><u>\$ 72,204.06</u></u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
MENDHAM EAST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 59,082.98	\$ 78,922.59
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	7,961.34	7,885.98
Due from Mendham East Sewer Utility Capital Fund	D	380.60	
		<u>67,424.92</u>	<u>86,808.57</u>
Deferred Charges:			
Emergency Authorizations			30,000.00
			<u>30,000.00</u>
Total Operating Fund		<u>67,424.92</u>	<u>116,808.57</u>
Capital Fund:			
Cash and Cash Equivalents	D-4		52,257.13
New Jersey Environmental Infrastructure Trust Loan Receivable		137,012.00	137,012.00
Fixed Capital	D-7	3,734,843.51	3,701,143.51
Fixed Capital Authorized & Uncompleted	D-8	<u>5,020,000.00</u>	<u>5,020,000.00</u>
Total Capital Fund		<u>8,891,855.51</u>	<u>8,910,412.64</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,959,280.43</u>	<u>\$ 9,027,221.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 6,892.58	\$ 10,677.23
Encumbered	D-3;D-9		6,006.25
		<u>6,892.58</u>	<u>16,683.48</u>
Prepaid/Overpaid Sewer Rents		1,977.68	1,204.55
Accrued Interest on Bonds and Loans		<u>23,775.87</u>	<u>24,690.98</u>
		32,646.13	42,579.01
Reserve for Receivables	D	7,961.34	7,885.98
Fund Balance	D-1	<u>26,817.45</u>	<u>66,343.58</u>
Total Operating Fund		<u>67,424.92</u>	<u>116,808.57</u>
Capital Fund:			
Serial Bonds Payable	D-15	940,000.00	970,000.00
NJEIT Loan Payable	D-14	3,210,166.43	3,426,306.13
Improvement Authorizations:			
Funded	D-10	105,486.89	136,782.64
Unfunded	D-10	1,274,628.50	1,284,676.00
Due to Mendham East Sewer Utility Operating Fund	D	380.60	
Due to Mendham West Sewer Utility Capital Fund	E	16,705.52	
Capital Improvement Fund	D-11	24,166.42	52,166.42
Reserve for Amortization	D-12	2,794,843.51	2,731,143.51
Deferred Reserve for Amortization	D-13	525,157.57	309,017.87
Fund Balance	D-1A	<u>320.07</u>	<u>320.07</u>
Total Capital Fund		<u>8,891,855.51</u>	<u>8,910,412.64</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,959,280.43</u>	<u>\$ 9,027,221.21</u>

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

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 56,735.00	\$ 57,358.00
Rents		369,868.43	367,927.16
Miscellaneous Revenue		1,930.55	4,498.50
User Charge for Prior Year Excess Flows		30,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		8,045.73	11,822.91
		<u>466,579.71</u>	<u>441,606.57</u>
Total Income			
<u>Expenditures</u>			
Budget Expenditures:			
Operating		204,435.00	202,158.00
Capital Improvements		7,000.00	7,000.00
Debt Service		207,935.84	173,389.69
Deferred Charges and Statutory Expenditures		30,000.00	30,000.00
		<u>449,370.84</u>	<u>412,547.69</u>
Total Expenditures			
Excess in Revenue		17,208.87	29,058.88
Adjustments Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			30,000.00
			<u>30,000.00</u>
Statutory Excess to Fund Balance		17,208.87	59,058.88
<u>Fund Balance</u>			
Balance January 1		66,343.58	64,642.70
		<u>83,552.45</u>	<u>93,701.58</u>
Decreased by:			
Utilized as Anticipated Revenue		56,735.00	57,358.00
		<u>56,735.00</u>	<u>57,358.00</u>
Balance December 31	D	<u>\$ 26,817.45</u>	<u>\$ 66,343.58</u>

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

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ <u>320.07</u>
Balance December 31, 2021	D	\$ <u><u>320.07</u></u>

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

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 56,735.00	\$ 56,735.00	
Rents	362,000.00	369,868.43	\$ 7,868.43
Miscellaneous Revenue	1,000.00	1,930.55	930.55
User Charge for Prior Year Excess Flows	30,000.00	30,000.00	
	\$ 449,735.00	\$ 458,533.98	\$ 8,798.98
 <u>Analysis of Sewer Rents/ Rate Increase</u>			
Collections		\$ 398,663.88	
Overpayments Applied		1,204.55	
		\$ 399,868.43	
 <u>Analysis of Miscellaneous Revenue</u>			
Interest on Sewer Rents		\$ 779.31	
Interest on Deposits:			
Cash Received by Treasurer		770.64	
Due from Mendham East Sewer Utility Capital Fund		380.60	
		\$ 1,930.55	

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

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Other Expenses	\$ 204,435.00	\$ 204,435.00	\$ 199,542.42	\$ 4,892.58	
Capital Improvements:					
Capital Outlay	7,000.00	7,000.00	5,000.00	2,000.00	
Debt Service:					
Payment of Bond/Loan Principal	143,400.00	143,400.00	143,381.70		\$ 18.30
Interest on Bonds/Loans	64,900.00	64,900.00	64,554.14		345.86
Deferred Charges:					
Emergency Authorizations	30,000.00	30,000.00	30,000.00		
	<u>\$ 449,735.00</u>	<u>\$ 449,735.00</u>	<u>\$ 442,478.26</u>	<u>\$ 6,892.58</u>	<u>\$ 364.16</u>

Ref.

D

Cash Disbursed	\$ 347,924.12
Accrued Interest on Bonds and Loans	64,554.14
Deferred Charges:	
Emergency Authorizations	<u>30,000.00</u>
	<u>\$ 442,478.26</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
MENDHAM WEST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2021	2020
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 73,631.73	\$ 55,454.91
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-6	4,102.80	5,171.10
Total Operating Fund		<u>77,734.53</u>	<u>60,626.01</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	73,294.48	70,000.00
Due Mendham West Sewer Utility Operating Fund	E		10,000.00
Due Mendham East Sewer Utility Capital Fund	D	16,705.52	
Fixed Capital	E-7	2,162,007.43	2,162,007.43
Fixed Capital Authorized & Uncompleted	E-9	20,000.00	20,000.00
Total Capital Fund		<u>2,272,007.43</u>	<u>2,262,007.43</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,349,741.96</u>	<u>\$ 2,322,633.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-8	\$ 18,267.83	\$ 1,148.99
Encumbered	E-3;E-8		1,400.00
		<u>18,267.83</u>	<u>2,548.99</u>
Prepaid/Overpaid Sewer Rents		42.01	425.59
Due Mendham West Sewer Utility Capital Fund	E		10,000.00
		<u>18,309.84</u>	<u>12,974.58</u>
Reserve for Receivables	E	4,102.80	5,171.10
Fund Balance	E-1	55,321.89	42,480.33
Total Operating Fund		<u>77,734.53</u>	<u>60,626.01</u>
Capital Fund:			
Improvement Authorizations:			
Funded	E-10	20,000.00	20,000.00
Capital Improvement Fund	E-11	70,000.00	60,000.00
Reserve for Amortization	E-12	2,162,007.43	2,162,007.43
Deferred Reserve for Amortization	E-13	20,000.00	20,000.00
Total Capital Fund		<u>2,272,007.43</u>	<u>2,262,007.43</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,349,741.96</u>	<u>\$ 2,322,633.44</u>

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

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 9,850.00	\$ 3,815.00
Rents		140,020.48	136,760.49
Miscellaneous Revenue		474.04	408.40
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,197.04	4,850.41
Total Income		<u>152,541.56</u>	<u>145,834.30</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		111,850.00	101,150.00
Capital Improvements		18,000.00	18,000.00
Surplus - General Budget			3,815.00
Total Expenditures		<u>129,850.00</u>	<u>122,965.00</u>
Excess in Revenue		22,691.56	22,869.30
<u>Fund Balance</u>			
Balance January 1		42,480.33	23,426.03
		65,171.89	46,295.33
Decreased by:			
Utilized as Anticipated Revenue		9,850.00	3,815.00
Balance December 31	E	<u>\$ 55,321.89</u>	<u>\$ 42,480.33</u>

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

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget Anticipated	Realized	Excess/ Deficit*
Operating Surplus Anticipated	\$ 9,850.00	\$ 9,850.00	
Sewer Rents	120,000.00	140,020.48	\$ 20,020.48
	129,850.00	149,870.48	20,020.48
Miscellaneous Revenue Not Anticipated		474.04	474.04
	\$ 129,850.00	\$ 150,344.52	\$ 20,494.52
 <u>Analysis of Sewer Rents/ Rate Increase:</u>			
Collections		\$ 139,594.89	
Prepaid/Overpaid Sewer Rents Applied		425.59	
		\$ 140,020.48	

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

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Other Expenses	\$ 111,850.00	\$ 111,850.00	\$ 101,582.17	\$ 10,267.83
Capital Improvements:				
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	
Capital Outlay	8,000.00	8,000.00		8,000.00
	<u>\$ 129,850.00</u>	<u>\$ 129,850.00</u>	<u>\$ 111,582.17</u>	<u>\$ 18,267.83</u>

Ref.

E

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF MENDHAM
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Land	\$ 23,466,033.00	\$ 23,466,033.00
Buildings and Improvements	7,193,489.00	7,193,489.00
Equipment	4,498,838.49	4,459,940.13
<u>TOTAL ASSETS</u>	<u>\$ 35,158,360.49</u>	<u>\$ 35,119,462.13</u>
<u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 35,158,360.49</u>	<u>\$ 35,119,462.13</u>
<u>TOTAL RESERVES</u>	<u>\$ 35,158,360.49</u>	<u>\$ 35,119,462.13</u>

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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Mendham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5. Accordingly, the financial statements do not include the operations of the library (which is a private organization), or volunteer fire and first aid squads.

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 Township 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 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 Township 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.

Trust Fund - Receipt, 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.

Sewer Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned sewer utilities.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

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

B. Description of Funds (Cont'd)

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "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 and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. 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 cancelled 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.

Had the Township'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 budgeted or awarded; inventories would not be reflected as expenditures at the time of purchase, investments would be generally stated at fair value; and fixed assets purchased by the Sewer Utility Capital Funds would be depreciated and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

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

C. Basis of Accounting (Cont'd)

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

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase 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 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.

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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

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

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

General Fixed Assets - In accordance with N.J.A.C. accounting requirements, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at estimated historical cost or assessed value in the year of acquisition. 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 funds. The values recorded in the general fixed assets account group and the current and 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 Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do 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 Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Funds do not record depreciation on fixed assets.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current and Sewer Utilities Operating Funds 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 Township during the year.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2021	2020	2019
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 10,263,479.69	\$ 9,219,299.90	\$ 9,943,626.15
Mendham East Sewer Utility:			
Bonds, Notes and Loans	4,150,166.43	4,396,306.13	4,539,687.83
Total Issued	<u>14,413,646.12</u>	<u>13,615,606.03</u>	<u>14,483,313.98</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Open Space Trust Fund	3,263.20	2,114.11	13,697.64
Reserve to Pay Debt Service - General Capital Fund			30,219.00
	<u>14,410,382.92</u>	<u>13,613,491.92</u>	<u>14,439,397.34</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	3,096,486.67	5,416,486.67	1,142,167.67
Mendham East Sewer Utility:			
Bonds and Notes	1,284,676.00	1,284,676.00	1,284,676.00
Total Authorized but Not Issued	<u>4,381,162.67</u>	<u>6,701,162.67</u>	<u>2,426,843.67</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 18,791,545.59</u>	<u>\$ 20,314,654.59</u>	<u>\$ 16,866,241.01</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .713%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 1,445,000.00	\$ 1,445,000.00	
Regional High School District Debt	1,385,805.74	1,385,805.74	
Mendham East Sewer Utility Debt	5,434,842.43	5,434,842.43	
General Debt	13,359,966.36	3,263.20	\$ 13,356,703.16
	<u>\$ 21,625,614.53</u>	<u>\$ 8,268,911.37</u>	<u>\$ 13,356,703.16</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Net Debt: \$13,356,703.16 divided by Average Equalized Valuations of \$1,872,188,788.33 of Real Property = .713%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 65,526,607.59
Net Debt	<u>13,356,703.16</u>
Remaining Borrowing Power	<u>\$ 52,169,904.43</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 458,533.98
Deductions:	
Operating and Maintenance Costs	\$ 204,435.00
Debt Service	<u>207,935.84</u>
	<u>412,370.84</u>
Excess in Revenue	<u>\$ 46,163.14</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Serial Bonds:				
General Capital Fund	\$ 4,821,250.00		\$ 878,750.00	\$ 3,942,500.00
Open Space Trust Fund	423,750.00		111,250.00	312,500.00
Sewer East Capital Fund	1,000,000.00		30,000.00	970,000.00
Bond Anticipation Notes:				
General Capital Fund	4,510,000.00	\$ 4,850,000.00	4,510,000.00	4,850,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	188,626.15		74,326.25	114,299.90
Sewer East Capital Fund:				
NJEIT Loan	<u>3,539,687.83</u>		<u>113,381.70</u>	<u>3,426,306.13</u>
	<u>\$ 14,483,313.98</u>	<u>\$ 4,850,000.00</u>	<u>\$ 5,717,707.95</u>	<u>\$ 13,615,606.03</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Serial Bonds:				
General Capital Fund	\$ 3,942,500.00		\$ 921,500.00	\$ 3,021,000.00
Open Space Trust Fund	312,500.00		108,500.00	204,000.00
Sewer East Capital Fund	970,000.00		30,000.00	940,000.00
Bond Anticipation Notes:				
General Capital Fund	4,850,000.00	\$ 7,000,000.00	4,850,000.00	7,000,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	114,299.90		75,820.21	38,479.69
Sewer East Capital Fund:				
NJEIT Loans	3,426,306.13		216,139.70	3,210,166.43
	<u>\$ 13,615,606.03</u>	<u>\$ 7,000,000.00</u>	<u>\$ 6,201,959.91</u>	<u>\$ 14,413,646.12</u>

The Township's debt issued and outstanding on December 31, 2021 is described as follows:

General Capital Serial Bonds

Description	Final Maturity	Rate	Amount
2015 Refunding Bonds	09/01/24	4.00%	<u>\$ 3,021,000.00</u>

Open Space Serial Bonds

Description	Final Maturity	Rate	Amount
2015 Refunding Bonds	09/01/24	4.00%	<u>\$ 204,000.00</u>

General Capital Green Acres Loans Payable

Description	Final Maturity	Rate	Amount
Acquisition of Seeing Eye Property	01/24/22	2.00%	\$ 23,087.82
Acquisition of Tompkins Property	01/24/22	2.00%	15,391.87
			<u>\$ 38,479.69</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Long-Term Debt (Cont'd)

General Capital Bond Anticipation Notes Payable

Description	Final Maturity	Rate	Amount
Various Capital Improvements	05/05/22	1.25%	\$ 6,193,500.00
Various Road Improvements	05/05/22	1.25%	427,500.00
Supplement East Main Street Drainage	05/05/22	1.25%	75,000.00
Acquisition of a Pumper - Fire Department	05/05/22	1.25%	304,000.00
			<u>\$ 7,000,000.00</u>

Mendham East - Sewer Utility Serial Bonds

Description	Final Maturity	Rate	Amount
2015 Refunding Bonds	09/01/43	3.125-4.000%	<u>\$ 940,000.00</u>

Mendham East - NJEIT Loans Payable

Description	Final Maturity	Rate	Amount
Trust Loan	08/01/47	3.00-5.00%	\$ 885,000.00
Fund Loan	08/01/46	0.00%	2,325,166.43
			<u>\$ 3,210,166.43</u>

Total Debt Issued and Outstanding \$ 14,413,646.12

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

Calendar Year	General Capital*		Mendham East Sewer Utility Capital		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,055,000.00	\$ 129,000.00	\$ 30,000.00	\$ 31,781.26	\$ 1,245,781.26
2023	1,070,000.00	86,800.00	30,000.00	30,581.26	1,217,381.26
2024	1,100,000.00	44,000.00	30,000.00	29,381.26	1,203,381.26
2025			35,000.00	28,181.26	63,181.26
2026			35,000.00	27,087.50	62,087.50
2027-2031			190,000.00	118,562.54	308,562.54
2032-2036			215,000.00	86,975.04	301,975.04
2037-2041			260,000.00	47,762.50	307,762.50
2042-2043			115,000.00	6,125.00	121,125.00
Total	<u>\$ 3,225,000.00</u>	<u>\$ 259,800.00</u>	<u>\$ 940,000.00</u>	<u>\$ 406,437.62</u>	<u>\$ 4,831,237.62</u>

* - Includes debt to be paid by the Open Space Trust Fund

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 2: Long-Term Debt (Cont'd)

Green Acres Loans Payable

On April 19, 2002, the Township entered into two agreements with the New Jersey Department of Environmental Protection for loans under the Green Acres program, in the aggregate amount of \$1,250,000, which represent direct obligations of the Township. The loans were obtained to finance the acquisition of two open space properties known as "Seeing Eye Property" in the amount of \$750,000 and "Tompkins Property" in the amount of \$500,000. Principal payments on the Loans commenced on January 24, 2003 and will continue on an annual basis over 20 years at 2.00% interest. The Township will be responsible for all such interest and principal payments.

N.J. Environmental Infrastructure (NJEIT) Loans Payable

The Township entered into two loan agreements with the State of New Jersey, acting by and through the N.J. Department of Environmental Protection Fund (the "Fund") and the N.J. Environmental Infrastructure Trust (the "Trust") which are recorded in the Mendham East Sewer Utility Capital Fund. The loan agreements were obtained to finance the cost of improvements to the Mendham Sewer East Treatment Plant, including the replacement of the effluent disposal systems.

As of December 31, 2021, the Township has borrowed or "drawn down" \$3,578,312 of the \$3,715,324 Loan funds necessary to complete the improvements to the Mendham Sewer East Treatment Plant, including the replacement of the effluent disposal systems. Principal payment to the Fund for the loan will continue on a semiannual basis until August 1, 2046 at zero interest. Principal payment to the Trust for the loan will continue on a semiannual basis until August 1, 2047. Also, an administrative fee of fifteen on hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

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

Calendar Year	General Capital		Sewer Utility Capital		Total
	Green Acres Loans		NJEIT Loans		
	Principal	Interest	Principal	Interest	
2022	\$ 38,479.69	\$ 384.80	\$ 113,381.70	\$ 31,843.74	\$ 184,089.93
2023			113,381.70	30,843.74	144,225.44
2024			113,381.70	29,843.74	143,225.44
2025			118,381.70	28,843.74	147,225.44
2026			118,381.70	27,593.74	145,975.44
2027-2031			606,908.50	121,768.70	728,677.20
2032-2036			631,908.50	98,243.70	730,152.20
2037-2041			656,908.50	69,193.74	726,102.24
2042-2046			687,532.43	33,250.00	720,782.43
2047			50,000.00	1,750.00	51,750.00
Total	<u>\$ 38,479.69</u>	<u>\$ 384.80</u>	<u>\$ 3,210,166.43</u>	<u>\$ 473,174.84</u>	<u>\$ 3,722,205.76</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2021 which was included in the Current Fund and the Sewer Utility Operating Funds' introduced budgets for the year ending December 31, 2022 is as follows:

Current Fund	\$	1,492,025.22
Mendham East Sewer Utility Fund		25,000.00
Mendham West Sewer Utility Fund		14,000.00

Note 4: Local and Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township has not elected to defer school taxes.

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); 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:

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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(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. 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 are adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$193,013 for 2021.

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

The Township also made a contribution of \$16,826 in 2021 to PERS related to the Early Retirement Incentive Program elected by the Township.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability was \$2,877,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was 0.018%, which was a decrease of 0.001% from its proportion measured as of June 30, 2019. The Township has rolled forward the net pension liability as of June 30, 2020 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 to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Township recognized actual pension expense in the amount of \$193,013.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(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, 2020. 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 78% 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.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Township'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, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 3,613,921	\$ 2,877,223	\$ 2,240,334

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 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(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 as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were 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, as defined, 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.

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.

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (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 entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$463,188 for the year ended December 31, 2021. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$63,978 to the PFRS for normal pension benefits on behalf of the Township, which is different than the contractually required contribution of \$94,225.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability for its proportionate share of the net pension liability was \$5,357,282. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was 0.041%, which was an increase of 0.001% from its proportion measured as of June 30, 2019. The Township has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$831,426 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was 0.041%, which was an increase of 0.001% from its proportion measured as of June 30, 2019 which is the same proportion as the Township's.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$ 5,357,282
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>831,426</u>
Total Net Pension Liability	<u><u>\$ 6,188,708</u></u>

For the year ended December 31, 2021, the Township recognized total pension expense of \$463,188.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through all future years		3.25 – 15.25% based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2020) 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(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 Township) 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 Township) as of June 30, 2020 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, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 8,229,708	\$ 6,188,708	\$ 4,493,502

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 State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees’ annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$1,245.44 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$1,653.03 for the year ended December 31, 2021.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 6: Accrued Sick Benefits

The Township permits employees to accrue a limited amount of unused sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$120,327.94 at December 31, 2021. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township’s budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick Leave of \$102,315.60 reflected on the Other Trust Funds’ balance sheet as of December 31, 2021.

Note 7: 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 delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	2021	2020	2019
<u>Tax Rate</u>	\$ 2.213	\$ 2.199	\$ 2.158
<u>Apportionment of Tax Rate</u>			
Municipal	0.449	0.448	0.447
County	0.254	0.263	0.267
Local School	0.959	0.919	0.879
Regional High School	0.551	0.569	0.565
<u>Assessed Valuations</u>			
2021	\$ 1,859,409,281		
2020		\$ 1,867,099,302	
2019			\$ 1,876,039,346

Comparison of Tax Levies and Collections Currently

Year	Tax Levy	Currently Cash Collections	Currently Percentage of Collection
2021	\$ 41,347,005.44	\$ 40,717,462.69	98.47%
2020	41,137,539.69	40,629,793.25	98.76%
2019	40,867,060.66	40,376,133.12	98.79%

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
 (Continued)

Note 7: Selected Tax Information (Cont'd)

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 8: Cash and Cash Equivalents

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

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

Interest Rate Risk – In accordance with its cash management plan, the Township 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 Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed 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 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments

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

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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

As of December 31, 2021, cash and cash equivalents of the Township consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 150.00	\$ 3,277,735.85	\$ 3,277,885.85
Federal and State Grant		409,782.43	409,782.43
Animal Control	20.00	10,361.71	10,381.71
Other Trust		1,271,243.44	1,271,243.44
General Capital		1,880,873.58	1,880,873.58
Sewer Utility:			
Operating - East		59,082.98	59,082.98
Operating - West		73,631.73	73,631.73
Capital - West		73,294.48	73,294.48
	<u>\$ 170.00</u>	<u>\$ 7,056,006.20</u>	<u>\$ 7,056,176.20</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2021, was \$7,056,176.20 and the bank balance was \$8,415,537.24.

Note 9: Risk Management

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

The Township is a member of the Morris County Municipal Joint Insurance Fund. The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

- The following coverages are offered by this fund to its members:
- a.) Workers' Compensation and Employers' Liability
 - b.) Liability Other Than Motor Vehicles
 - c.) Property Damage Other Than Motor Vehicles
 - d.) Motor Vehicle
 - e.) Environmental

As a member of the Fund, the Township 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. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 9: Risk Management (Cont'd)

The December 31, 2021 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2020 is as follows:

Total Assets	\$ 37,043,381
Net Position	\$ 15,309,967
Total Revenue	\$ 21,527,917
Total Expenses	\$ 19,011,852
Change in Net Position	\$ 2,516,065
Members Dividends	\$ -0-

Financial statements for these funds are available at the Office of the 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 Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township 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 Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township’s expendable trust fund for the current and previous two years:

Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2021	\$ -0-	\$ 4,278.05	\$ 58.98	\$ -0-	\$ 20,679.59
2020	-0-	4,292.61	279.39	19,346.84	16,342.56
2019	-0-	4,680.56	484.53	13,297.68	31,117.40

Note 10: Open Space Trust Fund

On November 2, 1993, the Township created an Open Space Trust Fund with a tax levy of up to \$.045 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. The 2021 Open Space tax rate is \$.010. As of December 31, 2021, the balance in the Open Space Trust Fund was \$3,263.20.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 24,893.94	\$ 2,619.07
Animal Control		877.71
Other Trust	2,619.07	
General Capital		24,016.23
Sewer Utility Operating - Mendham East	380.60	
Sewer Utility Capital - Mendham East		17,086.12
Sewer Utility Capital - Mendham West	16,705.52	
	<u>\$ 44,599.13</u>	<u>\$ 44,599.13</u>

The interfund payable in the Current Fund consists of the balance of the 2021 open space tax and receipts collected on behalf of the Reserve for Storm Recovery; offset by an interfund advanced and current year interest earned in the Other Trust Fund. The interfund payable in the Animal Control Fund is the statutory excess in the Reserve for Animal Control Fund Expenditures due to the Current Fund. The interfund payable in the General Capital Fund represents cash disbursed by the Current Fund on behalf of the General Capital Fund and current year interest earnings due to the Current Fund. The interfund payable in the Mendham East Sewer Utility Capital Fund represents current year interest earnings due to Mendham East Sewer Utility Operating Fund and an interfund advanced from the Mendham West Sewer Utility Capital Fund.

Note 12: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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 Township 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 Township officials expect such amounts, if any, to be immaterial.

Various tax appeals have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals has not been determined; however, the Township Tax Assessor will aggressively defend the Township’s assessments. The Township has recorded a reserve for pending tax appeals as of December 31, 2021 in the amount of \$145,761.79 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
 (Continued)

Note 13: Economic Dependency

The Township receives a substantial amount of 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 Township's programs and activities.

Note 14: Deferred Compensation Plans

The Township offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by VALIC, Axa and Lincoln National Life Insurance Company, are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 15: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees 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 covered dependents of the participating 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
 (Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Benefits Provided (Cont'd)

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.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Special Funding Situation

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Allocation Methodology (Cont'd)

The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB 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, 2019 through June 30, 2020. 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 Township has rolled forward the net OPEB liability as of June 30, 2020 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, 2020 OPEB information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2020 was \$5,621,038. At June 30, 2020, the State's proportion related to the Township was .103%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

Additionally, during the year ended June 30, 2020, the State of New Jersey's OPEB benefit related to the Township was \$279,817.

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 15: 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)

Inflation Rate 2.50%

Salary Increases*:

Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%

Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

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

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

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 is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%. 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 16: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2021 and 2020:

	Balance Dec. 31, 2020	Additions	Deletions	Balance Dec. 31, 2021
Land	\$ 23,466,033.00			\$ 23,466,033.00
Buildings and Improvements	7,193,489.00			7,193,489.00
Equipment	4,459,940.13	\$ 164,658.91	\$ 125,760.55	4,498,838.49
	<u>\$ 35,119,462.13</u>	<u>\$ 164,658.91</u>	<u>\$ 125,760.55</u>	<u>\$ 35,158,360.49</u>
	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 23,466,033.00			\$ 23,466,033.00
Buildings and Improvements	7,193,489.00			7,193,489.00
Equipment	4,455,297.13	\$ 4,643.00		4,459,940.13
	<u>\$ 35,114,819.13</u>	<u>\$ 4,643.00</u>	<u>\$ -0-</u>	<u>\$ 35,119,462.13</u>

Note 17: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the following deferred charges are shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2021	Required 2022 Budget Appropriation	Balance to Succeeding Years' Budgets
Current Fund:			
Special Emergency Authorizations	\$ 356,000.00	\$ 74,000.00	\$ 282,000.00

The appropriation in the 2022 introduced budget is not less than that required by statute.

TOWNSHIP OF MENDHAM

SUPPLEMENTARY DATA

TOWNSHIP OF MENDHAM
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2021

Name	Title	Amount of Bond	Name of Corporate Surety
Sarah Neibart	Mayor		
Nicholas Monaghan	Deputy Mayor		
Thomas Baio	Committee Member		
Amalia Duarte	Committee Member		
Jordan Orlins	Committee Member		
Jason Gabloff	Township Administrator (from 8/15/2021)	**	**
Robert F. Casey	Interim Township Administrator (to 4/1/2021)	**	**
Jason Gabloff	Chief Financial Officer (from 8/15/2021)	**	**
Linda Roth	Tax Collector, Utility Collector (Shared Service as of 10/1/2021)	**	**
Lydia Blide	Tax Collector, Utility Collector and Tax Search Officer (to 9/30/2021)	**	**
Maria Coppinger	Township Clerk, Assessment/Subdivision Searcher Registrar of Vital Statistics	**	**
David H. Read, Sr.	Superintendent of Public Works	**	**
John Mills	Township Attorney		
Matthew Moench	Litigation Attorney		
Glenn T. Gavan	Magistrate/Court Judge	**	**
Ingrid O'Connor	Court Administrator/Violations Clerk (Shared Court)	**	**
Danielle Siek	Deputy Court Administrator (Shared Court)	**	**
Leonard Perre	Construction Code Official	**	**
Michael C. Shay	Fire Official	**	**
Scott Holzhauer	Township Tax Assessor	**	**
Denis Keenan, French & Parrello	Township Engineers		
Ross Johnson	Police Chief	**	**
Eric Cooper & Tom Montgomery	Fire Chiefs	**	**
David Guida	Recreation Director	**	**

All bonds were examined and were properly executed.

** All employees, who are not specifically bonded, are covered under \$950,000 and \$50,000 Faithful Performance Blanket Bonds with the Municipal Excess Liability Joint Insurance Fund and Morris County Municipal Joint Insurance Fund, respectively.

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 3,479,981.15
Increased by Receipts:		
Tax Collector	\$ 41,245,293.61	
Revenue Accounts Receivable	1,342,079.23	
Interest on Investments	20,878.73	
Miscellaneous Revenue Not Anticipated	45,421.61	
Due Animal Control Fund:		
Prior Year Interfunds Returned	817.60	
Due Other Trust Funds:		
Prior Year Interfunds Returned		
Developers' Escrow	15,908.36	
Receipts Collected on Behalf of Other Trust Fund:		
Reserve for Storm Recovery	63,255.43	
Due to the State of New Jersey:		
Marriage License Fees	400.00	
DCA Training Fees	15,526.00	
Veterans and Senior Citizens' Deductions	18,500.00	
Appropriation Refunds	252,698.85	
	<hr/>	43,020,779.42
		<hr/> <hr/> 46,500,760.57
Decreased by Disbursements:		
2021 Appropriation Expenditures	9,347,341.69	
2020 Appropriation Reserves	298,459.85	
Regional High School Taxes	10,235,645.00	
Local School Taxes	17,826,892.00	
County Taxes	4,710,076.62	
Accounts Payable	2,462.30	
Due Federal and State Grant Fund:		
Prior Year Interfunds Returned	91,929.67	
Due Other Trust Funds:		
Open Space Tax Levy	197,665.00	
Interfund Advanced	59,129.63	
Due General Capital Fund:		
Payment on Behalf of General Capital Fund	16,380.00	
Due from Payroll:		
Interfund Advanced	176.86	
Tax Overpayments	107,668.74	
Due to the State of New Jersey:		
Marriage License Fees	400.00	
DCA Training Fees	15,701.00	
Third Party Tax Title Liens	54,903.46	
Tax Sale Premiums	44,600.00	
Reserve for Township Reassessment	75,000.00	
Reserve for Pending Tax Appeals	124,592.90	
Reserve for Tax Map Preparation	14,000.00	
	<hr/>	43,223,024.72
		<hr/> <hr/> \$ 3,277,735.85
Balance December 31, 2021	A	<hr/> <hr/> \$ 3,277,735.85

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2021

Increased by Receipts:		
Taxes Receivable		\$ 40,778,945.67
2022 Prepaid Taxes		214,903.78
Interest and Costs on Taxes		79,994.93
Tax Overpayments		116,545.77
Third Party Tax Liens		54,903.46
		41,245,293.61
Decreased by:		
Paid to Treasurer		\$ 41,245,293.61

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ -0-
Increased by Receipts:		
Due from Current Fund:		
Prior Year Interfunds Returned	\$ 91,929.67	
Unappropriated Grant Reserves	302,430.68	
Grant Funds Receivable	26,694.41	
		421,054.76
		421,054.76
Decreased by Disbursements:		
Appropriated Grant Reserves Expenditures		11,272.33
Balance December 31, 2021	A	\$ 409,782.43

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

Year	Balance Dec. 31, 2020	2021 Levy	Collections		NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2021
			2020	2021				
2020	\$ 266,175.50			\$ 266,175.50				
2021		\$ 41,347,005.44	\$ 185,857.59	40,512,770.17	\$ 18,834.93	\$ 151,302.88	\$ 4,866.39	\$ 473,373.48
	\$ 266,175.50	\$ 41,347,005.44	\$ 185,857.59	\$ 40,778,945.67	\$ 18,834.93	\$ 151,302.88	\$ 4,866.39	\$ 473,373.48
<u>Ref.</u>	A							A
<u>Analysis of 2021 Property Tax Levy</u>								
Tax Yield:								
General Purpose Tax			\$ 41,148,728.20					
Added, Omitted & Rollback Taxes			198,277.24					
				\$ 41,347,005.44				
Tax Levy:								
Local School District Taxes				\$ 17,826,892.00				
Regional High School District Taxes				10,235,646.00				
County Taxes			\$ 4,700,500.14					
Due County for Added and Omitted Taxes			23,295.12				4,723,795.26	
Due Other Trust Funds:								
Local Tax for Open Space			197,665.00					
Additional Taxes Levied			949.36					
				198,614.36				
				32,984,947.62				
Local Tax for Municipal Purposes Levied			8,181,295.20					
Additional Taxes Levied			180,762.62					
				8,362,057.82				
				\$ 41,347,005.44				

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 70,092.11
Increased by:		
Transfer from Taxes Receivable		<u>4,866.39</u>
Balance December 31, 2021	A	<u><u>\$ 74,958.50</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Licenses:				
Alcoholic Beverage Licenses		\$ 2,185.00	\$ 2,185.00	
Fees and Permits		103,265.80	103,265.80	
Municipal Court:				
Fines and Costs	\$ 1,239.46	27,419.64	26,762.86	\$ 1,896.24
Energy Tax Receipts		459,000.00	459,000.00	
Watershed Aid		28,059.00	28,059.00	
Uniform Construction Code Fees		219,368.00	219,368.00	
Uniform Fire Safety Act		1,849.58	1,849.58	
Rents on Municipal Properties		31,326.93	31,326.93	
Annual CATV Gross Receipts		100,777.26	100,777.26	
General Capital Fund Balance		69,484.80	69,484.80	
Reserve for Pitney Property		300,000.00	300,000.00	
	<u>\$ 1,239.46</u>	<u>\$ 1,342,736.01</u>	<u>\$ 1,342,079.23</u>	<u>\$ 1,896.24</u>
<u>Ref.</u>	A			A

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

	<u>Budget Revenue Realized</u>	<u>Cash Received</u>
Clean Communities Grant - 2021	\$ 22,335.00	\$ 22,335.00
Body Armor Replacement Fund - 2021	1,420.74	1,420.74
Recycling Tonnage Grant - 2021	2,938.67	2,938.67
	<u>\$ 26,694.41</u>	<u>\$ 26,694.41</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Salaries & Wages	\$ 13,634.89	\$ 7,634.89	\$ 880.00	\$ 6,754.89
Other Expenses	28,671.70	34,671.70	30,343.30	4,328.40
Mayor and Council:				
Salaries & Wages	6,499.96	6,499.96		6,499.96
Other Expenses	2,754.29	2,754.29		2,754.29
Municipal Clerk:				
Salaries & Wages	502.00	502.00		502.00
Other Expenses	9,446.14	9,446.14	4,060.66	5,385.48
Financial Administration:				
Salaries & Wages	11,966.38	11,966.38		11,966.38
Other Expenses	4,764.76	4,764.76	139.88	4,624.88
Management Information Services:				
Other Expenses	15,627.38	15,627.38	1,521.70	14,105.68
Revenue Administration (Tax Collection):				
Salaries & Wages	0.08	0.08		0.08
Other Expenses	5,978.64	5,978.64	298.50	5,680.14
Tax Assessment Administration:				
Salaries & Wages	5,392.12	5,392.12		5,392.12
Other Expenses	2,786.40	2,786.40	104.63	2,681.77
Legal Services and Costs:				
Other Expenses - General	30,992.82	30,992.82	2,444.00	28,548.82
Environmental Commission:				
Other Expenses	875.00	875.00		875.00
Engineering Services and Costs:				
Other Expenses	4,164.63	4,164.63	1,957.43	2,207.20
Historical Preservation:				
Other Expenses	400.00	400.00	136.80	263.20
Municipal Land Use Law:				
Planning Board:				
Salaries & Wages	451.76	451.76		451.76
Other Expenses	17,744.00	17,744.00	17,744.00	
Board of Adjustment:				
Salaries & Wages	497.66	497.66		497.66
Other Expenses	2,873.07	2,873.07		2,873.07
General Liability Insurance	13,269.50	13,269.50		13,269.50
Workers Compensation Insurance	9.00	9.00		9.00
Group Insurance Plan for Employees	147,829.77	47,829.77	28.00	47,801.77

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Police:				
Salaries & Wages	\$ 40,215.73	\$ 40,215.73	\$ 9,232.13	\$ 30,983.60
Other Expenses	14,304.38	14,304.38	13,165.94	1,138.44
Contractual Radio Dispatch	643.62	643.62		643.62
Emergency Management Services:				
Other Expenses	200.00	200.00		200.00
Aid to Volunteer Fire Company	10,000.00	10,000.00	2,266.26	7,733.74
Municipal Court:				
Other Expenses	488.00	488.00		488.00
Fire:				
Salaries & Wages	4.12	4.12		4.12
Other Expenses	4,000.00	4,000.00		4,000.00
Fire Hydrant Services	8,158.09	8,158.09	6,136.34	2,021.75
Street and Road Repairs and Maintenance:				
Salaries & Wages	89,393.98	89,393.98	12,925.78	76,468.20
Other Expenses	52,235.53	52,235.53	8,797.16	43,438.37
Snow Removal:				
Other Expenses	160,713.67	160,713.67	49,481.98	111,231.69
Sanitation - Trash Removal:				
Other Expenses	516.04	516.04		516.04
Storm Water Management:				
Other Expenses	20,585.14	20,585.14	450.00	20,135.14
Public Building and Grounds:				
Other Expenses	18,650.46	18,650.46	17,119.13	1,531.33
Board of Health:				
Salaries & Wages	362.23	1,362.23	1,098.21	264.02
Other Expenses	3,403.28	2,403.28	79.97	2,323.31
Health Services Contract	18,552.00	18,552.00		18,552.00
Animal Control:				
Other Expenses	2,667.42	2,667.42	50.00	2,617.42
Senior Citizen Programs:				
Other Expenses	2,970.00	2,970.00		2,970.00
Board of Recreation Commissioners:				
Salaries & Wages	286.30	1,286.30	1,254.60	31.70
Other Expenses	3,982.01	4,982.01	3,400.00	1,582.01
Maintenance of Parks:				
Other Expenses	6,542.89	4,542.89	2,851.95	1,690.94

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
Construction Code Official:				
Salaries & Wages	\$ 12,326.09	\$ 12,326.09		\$ 12,326.09
Other Expenses	4,374.11	4,374.11	\$ 188.47	4,185.64
Other Code Enforcement:				
Salaries & Wages	585.71	585.71		585.71
Unclassified:				
Utilities	55,645.78	55,645.78	16,295.67	39,350.11
Contributions to:				
Public Employee's Retirement System (ERIP)	20.00	20.00	20.00	
Public Employee's Retirement System	74.00	74.00	74.00	
Social Security System (O.A.S.I.)	23,134.70	23,134.70	4,281.10	18,853.60
Defined Contribution Retirement System	1,775.23	1,775.23		1,775.23
Unemployment Compensation Insurance	1.00	1.00		1.00
Police and Firemen's Retirement System	201.00	201.00	201.00	
Length of Service Award Program	10,150.00	10,150.00		10,150.00
Capital Improvement Fund		100,000.00	100,000.00	
	\$ 894,294.46	\$ 894,294.46	\$ 309,028.59	\$ 585,265.87
<u>Balance December 31, 2020:</u>	<u>Ref.</u>			
Unencumbered	A \$ 717,996.31			
Encumbered	A 176,298.15			
	\$ 894,294.46			
		Cash Disbursed	\$ 298,459.85	
		Accounts Payable	10,568.74	
			\$ 309,028.59	

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

Ref.

Increased by:		
Levy - Calendar Year 2021		\$ 17,826,892.00
Decreased by:		
Payments to Local School District		<u>\$ 17,826,892.00</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2021

Ref.

Increased by:		
Levy - Calendar Year 2021		\$ 10,235,646.00
Decreased by:		
Payments to Regional School District		<u>10,235,645.00</u>
Balance at December 31, 2021	A	<u>\$ 1.00</u>

TOWNSHIP OF MENDHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2020	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2021
Clean Communities Grant:				
2018	\$ 9,076.30		\$ 9,076.30	
2019	23,295.53		997.71	\$ 22,297.82
2020	21,001.68			21,001.68
2021		\$ 22,335.00		22,335.00
Recycling Tonnage Grant:				
2018	7,808.12		760.79	7,047.33
2019	2,034.69			2,034.69
2020	7,497.97			7,497.97
2021		2,938.67		2,938.67
Body Armor Replacement Fund:				
2019	418.51			418.51
2020	1,759.02			1,759.02
2021		1,420.74		1,420.74
Alcohol Education and Rehabilitation Fund:				
2015	902.61			902.61
2016	1,027.33			1,027.33
2017	1,930.20			1,930.20
2018	1,025.25			1,025.25
2019	1,205.62			1,205.62
2020	583.48			583.48
Drunk Driving Enforcement Grant:				
2018	2,047.21		437.53	1,609.68
2019	2,837.38			2,837.38
Federal Emergency Management Agency Grant	4,036.22			4,036.22
New Jersey Sustainable Energy: 2015	2,000.00			2,000.00
Bulletproof Vest Partnership: 2018	1,442.55			1,442.55
	<u>\$ 91,929.67</u>	<u>\$ 26,694.41</u>	<u>\$ 11,272.33</u>	<u>\$ 107,351.75</u>

Ref.

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TOWNSHIP OF MENDHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES - FEDERAL AND STATE GRANTS
YEAR ENDED DECEMBER 31, 2021

	<u>Cash Received</u>	<u>Balance Dec. 31, 2021</u>
COVID 19 - American Rescue Plan Grant		
Coronavirus State and Local Government Fiscal Recovery Funds	\$ 296,316.68	\$ 296,316.68
Body Worn Camera Grant - 2021	<u>6,114.00</u>	<u>6,114.00</u>
	<u>\$ 302,430.68</u>	<u>\$ 302,430.68</u>
<u>Ref.</u>		A

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
TRUST FUNDS

TOWNSHIP OF MENDHAM
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Animal Control Expenditures	\$	2,942.00	
Due to State of New Jersey		462.60	
Due Current Fund:			
Prior Year Interfund Returned		817.60	\$ 15,908.36
Reserve for:			
Developers' Deposits Refunds			186,633.56
Recreation			133,714.96
Parking Offense Adjudication Act			327.93
Open Space Trust Fund:			
Serial Bond Principal			108,500.00
Green Acres Loan Principal			75,820.21
Serial Bond/Green Acres Loan Interest			13,323.78
Road Detail			292,492.00
Public Defender			600.00
Storm Recovery			85,902.60
Municipal Alliance			7,671.00
Police Donations			22,117.81
		<u>\$ 4,222.20</u>	<u>\$ 943,012.21</u>
Balance December 31, 2021	B	<u>\$ 10,361.71</u>	<u>\$ 1,271,243.44</u>

TOWNSHIP OF MENDHAM
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2020	B	\$	7,447.20
Increased by:			
Dog License Fees		\$	2,967.00
Cat License Fees			420.00
Penalties			220.00
Prepaid Licenses Realized:			
Dog License Fees			1,048.80
Cat License Fees			210.00
Cancel Prior Year Due to State			27.60
			4,893.40
			12,340.60
Decreased by:			
Expenditures Under R.S. 4:19-15.11			2,942.00
Statutory Excess Due to Current Fund			837.80
			3,779.80
Balance December 31, 2021	B	\$	8,560.80
<u>License Fees Collected</u>			
2019		\$	4,257.60
2020			4,303.20
			8,560.80
Maximum Allowable Reserve		\$	8,560.80

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 1,347,890.78
Increased by:		
Due from/to Current Fund:		
Capital Improvement Fund:		
Budget Appropriations	\$ 513,500.00	
Budget Appropriations Reserves	100,000.00	
Interest Earned	7,636.23	
Premium on Bond Anticipation Notes	68,250.00	
Bond Anticipation Notes Issued	<u>2,795,000.00</u>	
		<u>3,484,386.23</u>
		4,832,277.01
Decreased by:		
Due to Current Fund:		
Anticipated Revenue:		
Reserve for Pitney Property	300,000.00	
Fund Balance	69,484.80	
Improvement Authorization Expenditures	2,577,298.63	
Reserve for:		
Preliminary Expenses - Municipal Facilities	<u>4,620.00</u>	
		<u>2,951,403.43</u>
Balance December 31, 2021	C	<u>\$ 1,880,873.58</u>

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2020	Receipts		Disbursements			Balance (Deficit) Dec. 31, 2021
			Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
	Capital Fund Balance	\$ 73,438.86		\$ 613,500.00	\$ 68,250.00	\$ 69,484.80	\$ 613,500.00	\$ 72,204.06
	Capital Improvement Fund	92,418.18						92,418.18
	Reserve for:							
	Preliminary Expenses - Appraisals	35.00						35.00
	Road Maintenance Fund	300.00						300.00
	Preliminary Expenses - Municipal Facilities	7,058.00			4,620.00			2,438.00
	Pitney Property	849,326.00			300,000.00			549,326.00
	Preliminary Expenses - Town Hall Feasibility Study	55.48						55.48
	New Jersey Department of:							
	Transportation Grants Receivable	(584,000.00)						(584,000.00)
	Environmental Protection Grant Receivable	(377,500.00)						(377,500.00)
	County of Morris Trails Construction Grant Receivable	(264,752.50)		7,636.23				(264,752.50)
	Due Current Fund						\$ 16,380.00	24,016.23
		2,793.14						2,793.14
	06-07 Various Improvements	3,000.00						2,685.62
	03-14 Various Capital Improvements	14,119.17		\$ 314.38				2,775.52
	09-15 Various Capital Improvements	15,450.71		11,343.65				8,429.98
	02-16 Various Capital Improvements	205.05		7,020.73				205.05
	10-16 Various Capital Improvements	22,747.82						20,955.20
	11-16 Various Capital Improvements	9,527.85		1,792.62				2,947.00
	07-17 Various Capital Improvements	18,924.73		6,580.85				18,459.57
	12-17 Various Capital Improvements	93,993.91		465.16				83,541.32
	05-18 Various Capital Improvements	105,861.89		10,452.59				78,365.34
	07-18 Various Capital Improvements	780.96		27,496.55				601.48
	08-18 Acquisition of a Pumper for the Fire Dept	58,575.03		179.48				39,400.00
	04-19 Various Capital Improvements	(117,593.27)		19,175.03				(143,486.67)
	05-19 Various Capital Improvements	449,402.54		25,893.40				45,997.49
	12-19; 03-21 Milling and Paving of Cold Hill Road	701,948.69		403,405.05				49,574.59
	02-20 Construction of Mendham Township Park at Pitney Farm	260,097.50		652,374.10				11,294.88
	03-20 Milling and Paving of Woodland Road	116,380.01		248,802.62				15,382.39
	04-20 Various Capital Improvements	(455,031.17)		100,997.62				45,471.51
	05-20 Improvement of Roads			9,497.32				
	06-20 Acquisition of Self-Contained Breathing Apparatus Units for the Fire Dept	327.20						327.20
	12-20 Various Capital Improvements	250,000.00		497,045.64			16,380.00	2,021,574.36
	08-21 Various Capital Improvements			156,212.97				332,287.03
	09-21 Improvement of Roads			398,248.87			488,500.00	(373,248.87)
	14-21 Various Capital Improvements						100,000.00	100,000.00
		\$ 1,347,890.78	\$ 2,795,000.00	\$ 613,500.00	\$ 75,886.23	\$ 374,104.80	\$ 629,880.00	\$ 1,880,873.58

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

Ord. No.	Improvement Description	Analysis of Balance December 31, 2021				Unexpended Improvement Authorizations
		Balance Dec. 31, 2020	2021 Improvement Authorizations	Notes Paid By Budget Appropriation	Balance Dec. 31, 2021	
11-13	Various Capital Improvements	\$ 400,000.00	\$	\$ 329,000.00	\$ 71,000.00	\$ 71,000.00
03-14	Various Capital Improvements	566,486.67		105,000.00	461,486.67	461,486.67
02-15	Supplemental East Main Street Drainage	75,000.00		10,000.00	65,000.00	65,000.00
09-15	Various Capital Improvements	720,000.00		51,000.00	669,000.00	669,000.00
11-16	Various Capital Improvements	375,000.00		80,000.00	295,000.00	295,000.00
06-17	Various Road Improvements	427,500.00		50,000.00	377,500.00	377,500.00
12-17	Various Capital Improvements	286,000.00		20,000.00	266,000.00	266,000.00
7-18	Various Capital Improvements	840,000.00			840,000.00	840,000.00
8-18	Acquisition of a Pumper - Fire Dept	304,000.00			304,000.00	304,000.00
5-19	Various Capital Improvements	999,500.00			999,500.00	856,013.33
05-20	Improvement of Roads	523,000.00			523,000.00	510,000.00
12-20	Various Capital Improvements	4,750,000.00			4,750,000.00	2,285,000.00
09-21	Improvement of Roads		\$ 475,000.00		475,000.00	373,248.87
		<u>\$ 10,266,486.67</u>	<u>\$ 475,000.00</u>	<u>\$ 645,000.00</u>	<u>\$ 10,096,486.67</u>	<u>\$ 7,000,000.00</u>
					<u>\$ 516,735.54</u>	<u>\$ 2,579,751.13</u>

Ref. C C

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #03-14 (Various Improvements)	\$ 2,685.62
Ordinance #09-15 (Various Improvements)	2,775.52
Ordinance #11-16 (Various Improvements)	20,955.20
Ordinance #12-17 (Various Improvements)	18,459.57
Ordinance #07-18 (Various Improvements)	78,365.34
Ordinance #08-18 (Acquisition of a Pumper for the Fire Dept)	601.48
Ordinance #05-20 (Improvement of Roads)	45,471.51
Ordinance #12-20 (Various Capital Improvements)	2,021,574.36
	<u>2,190,888.60</u>
	<u>\$ 2,579,751.13</u>

\$ 4,770,639.73

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2020		2021 Authorizations		Paid or Charged	Balance Dec. 31, 2021	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded		Funded	Unfunded
06-07	Environmental Commission	03/16/07	\$ 22,000.00	\$ 2,793.14					\$ 2,793.14	
03-14	Various Capital Improvements	04/14/14	837,000.00		\$ 3,000.00		\$ 314.38		\$ 2,685.62	
09-15	Various Capital Improvements	08/25/15	1,004,000.00		14,119.17		11,343.65		8,429.98	2,775.52
02-16	Various Capital Improvements	02/01/16	16,000.00	15,450.71			7,020.73		205.05	
10-16	Various Capital Improvements	06/28/16	175,000.00	205.05			1,792.62		20,955.20	
11-16	Various Capital Improvements	07/26/16	395,500.00	9,527.85	22,747.82		6,580.85		2,947.00	
07-17	Various Capital Improvements	05/23/17	130,000.00				465.16		18,459.57	
12-17	Various Capital Improvements	09/26/17	340,000.00		18,924.73		10,452.59		83,541.32	
05-18	Various Capital Improvements	05/14/18	372,000.00	93,993.91			27,496.55		78,365.34	
07-18	Various Capital Improvements	05/14/18	1,060,000.00		105,861.89		179.48		601.48	
08-18	Acquisition of a Pumper for the Fire Dept	05/22/18	350,000.00		780.96		19,175.03		39,400.00	
04-19	Various Capital Improvements	05/13/19	417,000.00	58,575.03			25,893.40		45,997.49	
05-19	Various Capital Improvements	05/13/19	1,051,000.00	449,402.54	25,893.40		403,405.05			
12-19; 03-21	Milling and Paving of Cold Hill Road	08/27/19	380,000.00							
02-20	Construction of Mendham Township Park at Pimey Farm	02/25/20	760,000.00	701,948.69			652,374.10		49,574.59	
03-20	Milling and Paving of Woodland Road	04/28/20	280,000.00	260,097.50			248,802.62		11,294.88	
04-20	Various Capital Improvements	06/08/20	290,000.00	116,380.01			100,997.62		15,382.39	
05-20	Improvement of Roads	05/26/20	550,000.00		67,968.83		9,497.32		58,471.51	

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 92,418.18
Increased by:		
2021 Budget Appropriation		\$ 513,500.00
2020 Budget Appropriation Reserves		<u>100,000.00</u>
		<u>613,500.00</u>
		<u>705,918.18</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>613,500.00</u>
Balance December 31, 2021	C	<u><u>\$ 92,418.18</u></u>

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

Ord. No.	Improvement Description	Original Issue	Date of		Maturity	Interest Rate	Balance		Matured	Balance Dec. 31, 2021
			Issue	Issue			Dec. 31, 2020	Dec. 31, 2021		
04-13	Various Capital Improvements	05/22/13	05/07/20	05/07/21	05/07/21	1.45%	\$ 400,000.00	\$ 400,000.00	\$ 71,000.00	\$ 71,000.00
			05/05/21	05/05/22		1.25%				
03-14	Various Capital Improvements	05/22/14	05/07/20	05/07/21	05/07/21	1.45%	239,736.67	239,736.67	239,736.67	
		05/17/18	05/07/20	05/07/21	05/07/21	1.45%	326,750.00	326,750.00	326,750.00	
			05/05/21	05/05/22	05/05/22	1.25%	373,250.00	373,250.00	373,250.00	
			05/05/21	05/05/22	05/05/22	1.25%	88,236.67	88,236.67	88,236.67	
02-15	Supplemental East Main Street Drainage	05/17/17	05/07/20	05/07/21	05/07/21	1.45%	75,000.00	75,000.00	75,000.00	65,000.00
			05/05/21	05/05/22	05/05/22	1.25%				
09-15	Various Capital Improvements	05/19/16	05/07/20	05/07/21	05/07/21	1.45%	644,824.58	644,824.58	644,824.58	
		05/17/18	05/07/20	05/07/21	05/07/21	1.45%	75,175.42	75,175.42	75,175.42	
			05/05/21	05/05/22	05/05/22	1.25%	543,824.58	543,824.58	543,824.58	
			05/05/21	05/05/22	05/05/22	1.25%	125,175.42	125,175.42	125,175.42	
11-16	Various Capital Improvements	05/17/17	05/07/20	05/07/21	05/07/21	1.45%	375,000.00	375,000.00	375,000.00	295,000.00
			05/05/21	05/05/22	05/05/22	1.25%				
06-17	Various Road Improvements	05/17/18	05/07/20	05/07/21	05/07/21	1.45%	427,500.00	427,500.00	427,500.00	377,500.00
			05/05/21	05/05/22	05/05/22	1.25%				
12-17	Various Capital Improvements	05/17/18	05/07/20	05/07/21	05/07/21	1.45%	286,000.00	286,000.00	286,000.00	266,000.00
			05/05/21	05/05/22	05/05/22	1.25%				

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2020	Matured	Balance Dec. 31, 2021
			Outstanding Date	Amount				
2015 Refunding Bonds	12/23/15	\$ 5,719,000.00	09/01/22	\$ 959,500.00	4.000%			
			09/01/23	1,016,500.00	4.000%			
			09/01/24	1,045,000.00	4.000%	\$ 3,942,500.00	\$ 921,500.00	\$ 3,021,000.00
2015 Refunding Bonds (Open Space)	12/23/15	435,000.00	09/01/22	95,500.00	4.000%			
			09/01/23	53,500.00	4.000%			
			09/01/24	55,000.00	4.000%	312,500.00	108,500.00	204,000.00
						<u>\$ 4,255,000.00</u>	<u>\$ 1,030,000.00</u>	<u>\$ 3,225,000.00</u>
					<u>Ref.</u>	<u>C</u>		<u>C</u>
						\$ 3,942,500.00	\$ 921,500.00	\$ 3,021,000.00
						<u>312,500.00</u>	<u>108,500.00</u>	<u>204,000.00</u>
						<u>\$ 4,255,000.00</u>	<u>\$ 1,030,000.00</u>	<u>\$ 3,225,000.00</u>

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 114,299.90
Decreased by:		
Loan Payments - Open Space Trust Fund		75,820.21
Balance December 31, 2021	C	\$ 38,479.69

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #1 PAYABLE
OUTSTANDING DECEMBER 31, 2021

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
39	01/24/22	2.00%	\$ 230.88	\$ 23,087.82	\$ 23,087.82 -0-
			\$ 230.88	\$ 23,087.82	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #2 PAYABLE
OUTSTANDING DECEMBER 31, 2021

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
39	01/24/22	2.00%	\$ 153.92	\$ 15,391.87	\$ 15,391.87 -0-
			\$ 153.92	\$ 15,391.87	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2020	2021 Improvement Authorizations	Notes Paid by		Bond		Balance Dec. 31, 2021
				Budget Appropriation	Anticipation Notes Issued	Anticipation Notes Redeemed		
04-13; 11-13	Various Capital Improvements			\$ 329,000.00	\$ 71,000.00	\$ 400,000.00		
03-14	Various Capital Improvements			105,000.00	461,486.67	566,486.67		
02-15	Supplemental East Main Street Drainage			10,000.00	65,000.00	75,000.00		
09-15	Various Capital Improvements			51,000.00	669,000.00	720,000.00		
11-16	Various Capital Improvements			80,000.00	295,000.00	375,000.00		
06-17	Various Road Improvements			50,000.00	377,500.00	427,500.00		
12-17	Various Capital Improvements			20,000.00	266,000.00	286,000.00		
07-18	Various Capital Improvements				840,000.00	840,000.00		
08-18	Acquisition of a Pumper - Fire Department				304,000.00	304,000.00		
05-19	Various Capital Improvements	\$ 143,486.67			856,013.33	856,013.33	\$ 143,486.67	
05-20	Improvement of Roads	523,000.00			510,000.00		13,000.00	
12-20	Various Capital Improvements	4,750,000.00			2,285,000.00		2,465,000.00	
09-21	Improvement of Roads		\$ 475,000.00				475,000.00	
		\$ 5,416,486.67	\$ 475,000.00	\$ 645,000.00	\$ 7,000,000.00	\$ 4,850,000.00	\$ 3,096,486.67	

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
MENDHAM EAST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2020	D	\$ 78,922.59	\$ 52,257.13
Increased by Receipts:			
Sewer Rents		\$ 398,663.88	
Interest on Delinquent Sewer Rents		779.31	
Prepaid/Overpaid Sewer Rents		1,977.68	
Interest on Deposits		770.64	
Due Mendham West Sewer Utility Capital Fund:			
Interfund Advanced			\$ 16,705.52
Due Mendham East Sewer Utility Operating Fund:			
Interest on Deposits		402,191.51	17,086.12
		<u>481,114.10</u>	<u>69,343.25</u>
Decreased by Disbursements:			
2021 Budget Appropriations		347,924.12	
2020 Appropriation Reserves		8,637.75	
Accrued Interest on Bonds and Loans		65,469.25	
Improvement Authorization Expenditures			69,343.25
		<u>422,031.12</u>	<u>69,343.25</u>
Balance December 31, 2021	D	<u>\$ 59,082.98</u>	<u>\$ -0-</u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 7,885.98
Increased by:		
Sewer Rents		\$ 399,943.79
Interest on Delinquent Sewer Rents		779.31
		<u>400,723.10</u>
		408,609.08
Decreased by:		
Collections:		
Sewer Rents		398,663.88
Interest on Delinquent Sewer Rents		779.31
Prepaid/Overpaid Sewer Rents Applied		1,204.55
		<u>400,647.74</u>
Balance December 31, 2021	D	<u>\$ 7,961.34</u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u> <u>By Budget</u> <u>Capital Outlay</u>	<u>Transferred from</u> <u>Fixed Capital</u> <u>Authorized and</u> <u>Uncompleted</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Sewer Plant	<u>\$ 3,701,143.51</u>	<u>\$ 5,700.00</u>	<u>\$ 28,000.00</u>	<u>\$ 3,734,843.51</u>
<u>Ref.</u>	D			D
Operating Budget		\$ 5,000.00		
Appropriation Reserves		<u>700.00</u>		
		<u>\$ 5,700.00</u>		

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Costs to Fixed Capital	Balance Dec. 31, 2021
2016-09	Upgrades to the Mendham Sewer East Treatment Plant	\$ 2,500,000.00			\$ 2,500,000.00
2017-10	Replacement of Effluent Disposal Systems #1 to #6 of the Mendham Sewer East Treatment Plant	2,500,000.00			2,500,000.00
2018-12	Improvements to the Collection System	10,000.00			10,000.00
2019-06	Various Capital Improvements	10,000.00			10,000.00
2021-07	Hoist in the Sewer Treatment Plant		\$ 28,000.00	\$ 28,000.00	
		<u>\$ 5,020,000.00</u>	<u>\$ 28,000.00</u>	<u>\$ 28,000.00</u>	<u>\$ 5,020,000.00</u>

Ref.

D

D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

		<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Other Expenses		\$ 11,583.48	\$ 11,583.48	\$ 7,937.75	\$ 3,645.73
Capital Improvements:					
Capital Outlay		<u>5,100.00</u>	<u>5,100.00</u>	<u>700.00</u>	<u>4,400.00</u>
		<u>\$ 16,683.48</u>	<u>\$ 16,683.48</u>	<u>\$ 8,637.75</u>	<u>\$ 8,045.73</u>
<u>Balance December 31, 2020</u>					
Encumbered	D	\$ 6,006.25			
Unencumbered	D	<u>10,677.23</u>			
		<u>\$ 16,683.48</u>			

Ref.

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount		Balance Dec. 31, 2020		Paid or Charged	2021 Authorizations		Balance Dec. 31, 2021
			Funded	Unfunded	Funded	Unfunded		Capital Improvement Fund	Funded	
2016-09	Upgrades to the Mendham Sewer East Treatment Plant	07/26/16	\$ 2,500,000.00	\$ 31,295.75	\$ 191,478.00	\$ 41,343.25	\$		\$ 181,430.50	
2017-10	Replacement of Effluent Disposal Systems #1 to #6 of the Mendham Sewer East Treatment Plant	08/14/17	2,500,000.00	102,284.58	1,093,198.00			\$ 102,284.58	1,093,198.00	
2018-12	Improvements to the Collection System	07/24/18	10,000.00	20.31				20.31		
2019-06	Various Capital Improvements	07/08/19	10,000.00	3,182.00				3,182.00		
2021-07	Hoist in the Sewer Treatment Plant	04/26/21	28,000.00			28,000.00	\$ 28,000.00			
							\$ 136,782.64	\$ 1,284,676.00	\$ 105,486.89	\$ 1,274,628.50
							<u>Ref.</u>	D	D	D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 52,166.42
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>28,000.00</u>
Balance December 31, 2021	D	<u><u>\$ 24,166.42</u></u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 2,731,143.51
Increased by:		
Transfer from Deferred Reserve for Amortization	\$	28,000.00
Paid by Operating Budget:		
Serial Bonds		30,000.00
Capital Outlay:		
Operating Budget		5,000.00
Appropriation Reserves		700.00
		<u>63,700.00</u>
Balance December 31, 2021	D	<u>\$ 2,794,843.51</u>

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2020	2021 Authorizations	Paid by Operating Budget	Project Credits Utilized to Offset Loan Principal	To Reserve for Amortization Fixed Capital	Balance Dec. 31, 2021
2016-09	Upgrades to the Mendham Sewer East Treatment Plant	07/26/16	\$ 179,191.07		\$ 70,296.65	\$ 63,709.96		\$ 313,197.68
2017-10	Replacement of Effluent Disposal Systems #1 to #6 of the Mendham Sewer East Treatment Plant	08/14/17	109,826.80		43,085.05	39,048.04		191,959.89
2018-12	Improvements to the Collection System	07/24/18	10,000.00					10,000.00
2019-06	Various Capital Improvements	07/08/19	10,000.00					10,000.00
2021-07	Hoist in the Sewer Treatment Plant	04/26/21		\$ 28,000.00			\$ 28,000.00	
			<u>\$ 309,017.87</u>	<u>\$ 28,000.00</u>	<u>\$ 113,381.70</u>	<u>\$ 102,758.00</u>	<u>\$ 28,000.00</u>	<u>\$ 525,157.57</u>
		<u>Ref.</u>	D					D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2020	D	\$ 3,426,306.13	\$ 905,000.00	\$ 2,521,306.13
Decreased by:				
Loans Paid by Operating Budget		113,381.70	20,000.00	93,381.70
Project Credits Utilized to Offset Loan Principal		<u>102,758.00</u>		<u>102,758.00</u>
Balance December 31, 2021	D	<u>\$ 3,210,166.43</u>	<u>\$ 885,000.00</u>	<u>\$ 2,325,166.43</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2018A-1 LOAN
TRUST LOAN OUTSTANDING DECEMBER 31, 2021

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 885,000.00
8	2/1/22	\$ 15,921.87		885,000.00
9	8/1/22	15,921.87	\$ 20,000.00	865,000.00
10	2/1/23	15,421.87		865,000.00
11	8/1/23	15,421.87	20,000.00	845,000.00
12	2/1/24	14,921.87		845,000.00
13	8/1/24	14,921.87	20,000.00	825,000.00
14	2/1/25	14,421.87		825,000.00
15	8/1/25	14,421.87	25,000.00	800,000.00
16	2/1/26	13,796.87		800,000.00
17	8/1/26	13,796.87	25,000.00	775,000.00
18	2/1/27	13,171.87		775,000.00
19	8/1/27	13,171.87	25,000.00	750,000.00
20	2/1/28	12,546.87		750,000.00
21	8/1/28	12,546.87	25,000.00	725,000.00
22	2/1/29	12,171.87		725,000.00
23	8/1/29	12,171.87	30,000.00	695,000.00
24	2/1/30	11,721.87		695,000.00
25	8/1/30	11,721.87	30,000.00	665,000.00
26	2/1/31	11,271.87		665,000.00

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2018A-1 LOAN
TRUST LOAN OUTSTANDING DECEMBER 31, 2021

(Continued)

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
27	8/1/31	\$ 11,271.87	\$ 30,000.00	\$ 635,000.00
28	2/1/32	10,821.87		635,000.00
29	8/1/32	10,821.87	30,000.00	605,000.00
30	2/1/33	10,353.12		605,000.00
31	8/1/33	10,353.12	30,000.00	575,000.00
32	2/1/34	9,884.37		575,000.00
33	8/1/34	9,884.37	35,000.00	540,000.00
34	2/1/35	9,315.62		540,000.00
35	8/1/35	9,315.62	35,000.00	505,000.00
36	2/1/36	8,746.87		505,000.00
37	8/1/36	8,746.87	35,000.00	470,000.00
38	2/1/37	8,156.25		470,000.00
39	8/1/37	8,156.25	35,000.00	435,000.00
40	2/1/38	7,565.62		435,000.00
41	8/1/38	7,565.62	35,000.00	400,000.00
42	2/1/39	6,975.00		400,000.00
43	8/1/39	6,975.00	40,000.00	360,000.00
44	2/1/40	6,300.00		360,000.00
45	8/1/40	6,300.00	40,000.00	320,000.00
46	2/1/41	5,600.00		320,000.00
47	8/1/41	5,600.00	40,000.00	280,000.00
48	2/1/42	4,900.00		280,000.00
49	8/1/42	4,900.00	45,000.00	235,000.00
50	2/1/43	4,112.50		235,000.00
51	8/1/43	4,112.50	45,000.00	190,000.00
52	2/1/44	3,325.00		190,000.00
53	8/1/44	3,325.00	45,000.00	145,000.00
54	2/1/45	2,537.50		145,000.00
55	8/1/45	2,537.50	45,000.00	100,000.00
56	2/1/46	1,750.00		100,000.00
57	8/1/46	1,750.00	50,000.00	50,000.00
58	2/1/47	875.00		50,000.00
59	8/1/47	875.00	50,000.00	-0-
		<u>\$ 473,174.84</u>	<u>\$ 885,000.00</u>	

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2018A-1 LOAN
FUND LOAN OUTSTANDING DECEMBER 31, 2021

(Continued)

Payment Number	Maturity Date	Principal	Balance of Loan
			\$ 2,325,166.43
8	2/1/22	\$ 31,127.23	2,294,039.20
9	8/1/22	62,254.47	2,231,784.73
10	2/1/23	31,127.23	2,200,657.50
11	8/1/23	62,254.47	2,138,403.03
12	2/1/24	31,127.23	2,107,275.80
13	8/1/24	62,254.47	2,045,021.33
14	2/1/25	31,127.23	2,013,894.10
15	8/1/25	62,254.47	1,951,639.63
16	2/1/26	31,127.23	1,920,512.40
17	8/1/26	62,254.47	1,858,257.93
18	2/1/27	31,127.23	1,827,130.70
19	8/1/27	62,254.47	1,764,876.23
20	2/1/28	31,127.23	1,733,749.00
21	8/1/28	62,254.47	1,671,494.53
22	2/1/29	31,127.23	1,640,367.30
23	8/1/29	62,254.47	1,578,112.83
24	2/1/30	31,127.23	1,546,985.60
25	8/1/30	62,254.47	1,484,731.13
26	2/1/31	31,127.23	1,453,603.90
27	8/1/31	62,254.47	1,391,349.43
28	2/1/32	31,127.23	1,360,222.20
29	8/1/32	62,254.47	1,297,967.73
30	2/1/33	31,127.23	1,266,840.50
31	8/1/33	62,254.47	1,204,586.03
32	2/1/34	31,127.23	1,173,458.80
33	8/1/34	62,254.47	1,111,204.33
34	2/1/35	31,127.23	1,080,077.10
35	8/1/35	62,254.47	1,017,822.63

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2018A-1 LOAN
FUND LOAN OUTSTANDING DECEMBER 31, 2021

(Continued)

Payment Number	Maturity Date	Principal	Balance of Loan
36	2/1/36	\$ 31,127.23	\$ 986,695.40
37	8/1/36	62,254.47	924,440.93
38	2/1/37	31,127.23	893,313.70
39	8/1/37	62,254.47	831,059.23
40	2/1/38	31,127.23	799,932.00
41	8/1/38	62,254.47	737,677.53
42	2/1/39	31,127.23	706,550.30
43	8/1/39	62,254.47	644,295.83
44	2/1/40	31,127.23	613,168.60
45	8/1/40	62,254.47	550,914.13
46	2/1/41	31,127.23	519,786.90
47	8/1/41	62,254.47	457,532.43
48	2/1/42	31,127.23	426,405.20
49	8/1/42	62,254.47	364,150.73
50	2/1/43	31,127.23	333,023.50
51	8/1/43	62,254.47	270,769.03
52	2/1/44	31,127.23	239,641.80
53	8/1/44	62,254.47	177,387.33
54	2/1/45	31,127.23	146,260.10
55	8/1/45	62,254.47	84,005.63
56	2/1/46	31,127.23	52,878.40
57	8/1/46	52,878.40	-0-
		<u>\$ 2,325,166.43</u>	

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2020	Matured	Balance Dec. 31, 2021
			Outstanding Dec. 31, 2021	Amount				
2015 Refunding Bonds	12/23/15	\$ 1,110,000.00		\$	4.000%			
			09/01/22	30,000.00	4.000%			
			09/01/23	30,000.00	4.000%			
			09/01/24	30,000.00	4.000%			
			09/01/25	35,000.00	3.125%			
			09/01/26	35,000.00	3.125%			
			09/01/27	35,000.00	3.125%			
			09/01/28	35,000.00	3.125%			
			09/01/29	40,000.00	3.125%			
			09/01/30	40,000.00	3.125%			
			09/01/31	40,000.00	3.125%			
			09/01/32	40,000.00	3.125%			
			09/01/33	40,000.00	3.125%			
			09/01/34	45,000.00	3.375%			
			09/01/35	45,000.00	3.375%			
			09/01/36	45,000.00	3.375%			
			09/01/37	50,000.00	3.375%			
			09/01/38	50,000.00	3.375%			
			09/01/39	50,000.00	3.500%			
			09/01/40	55,000.00	3.500%			
			09/01/41	55,000.00	3.500%			
			09/01/42	55,000.00	3.500%			
			09/01/43	60,000.00	3.500%			
						\$ 970,000.00	\$ 30,000.00	\$ 940,000.00
						\$ 970,000.00	\$ 30,000.00	\$ 940,000.00

Ref.

D

D

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2021</u>
2016-09	Upgrades to the Mendham Sewer East Treatment Plant	\$ 191,478.00	\$ 191,478.00
2017-10	Replacement of Effluent Disposal Systems #1 to #6 of the Mendham Sewer East Treatment Plant	<u>1,093,198.00</u>	<u>1,093,198.00</u>
		<u>\$ 1,284,676.00</u>	<u>\$ 1,284,676.00</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2021
MENDHAM WEST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2020	\$ 55,454.91	\$ 70,000.00
Increased by Receipts:		
Sewer Rents	\$ 139,594.89	
Budget Appropriation:		
Capital Improvement Fund		\$ 10,000.00
Interest on Delinquent Sewer Rents	474.04	
Prepaid/Overpaid Sewer Rents	1,159.22	
Due Mendham West Sewer Utility Operating Fund:		
Prior Year Interfund Returned	141,228.15	20,000.00
	196,683.06	90,000.00
Decreased by Disbursements:		
2021 Budget Appropriations	111,582.17	
2020 Appropriation Reserves	351.95	
Prepaid/Overpaid Sewer Rents Refunded	1,117.21	
Due Mendham West Sewer Utility Capital Fund:		
Prior Year Interfund Returned	10,000.00	
Due Mendham East Sewer Utility Capital Fund:		
Interfund Advanced	123,051.33	16,705.52
Balance December 31, 2021	\$ 73,631.73	\$ 73,294.48

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

Ord. No.	Improvement Description	Balance		Receipts		Disbursements		Balance/ (Deficit) Dec. 31, 2021
		Dec. 31, 2020	Budget Appropriation	Budget Appropriation	Miscellaneous	Miscellaneous	Miscellaneous	
	Capital Improvement Fund	\$ 60,000.00	\$ 10,000.00					\$ 70,000.00
	Due Mendham West Sewer Utility Operating Fund	(10,000.00)			\$ 10,000.00			
	Due Mendham East Sewer Utility Capital Fund					\$ 16,705.52		(16,705.52)
2019-07	Various Capital Improvements	20,000.00						20,000.00
		<u>\$ 70,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 16,705.52</u>	<u>\$ 16,705.52</u>	<u>\$ 73,294.48</u>

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 5,171.10
Increased by:		
Sewer Rents		\$ 138,952.18
Interest on Delinquent Sewer Rents		474.04
		139,426.22
		144,597.32
Decreased by:		
Collections:		
Sewer Rents		139,594.89
Interest on Delinquent Sewer Rents		474.04
Prepaid/Overpaid Sewer Rents Applied		425.59
		140,494.52
Balance December 31, 2021	E	\$ 4,102.80

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Sewer Plant	<u>\$ 2,162,007.43</u>	<u>\$ 2,162,007.43</u>
	<u>Ref.</u> E	E

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 1,494.40	\$ 1,494.40	\$ 351.95	\$ 1,142.45
Capital Improvements:				
Capital Outlay	<u>1,054.59</u>	<u>1,054.59</u>		<u>1,054.59</u>
	<u>\$ 2,548.99</u>	<u>\$ 2,548.99</u>	<u>\$ 351.95</u>	<u>\$ 2,197.04</u>
		<u>Ref.</u>		
<u>Balance December 31, 2020</u>				
Encumbered	E \$ 1,400.00			
Unencumbered	E <u>1,148.99</u>			
	<u>\$ 2,548.99</u>			

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2021</u>
2019-07	Various Capital Improvements	\$ 20,000.00	\$ 20,000.00
		<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
	<u>Ref.</u>	E	E

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2020 Funded	Balance Dec. 31, 2021 Funded
		Date	Amount		
2019-07	Various Capital Improvements	07/08/19	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
				<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
			<u>Ref.</u>	E	E

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 60,000.00
Increased by:		
Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2021	E	<u>\$ 70,000.00</u>

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 2,162,007.43
Balance December 31, 2021	E	<u>\$ 2,162,007.43</u>

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2021

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2021</u>
2019-07	Various Capital Improvements	07/08/19	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
			<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF MENDHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF MENDHAM
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2021

Federal Department	Federal Program	Assistance Listing Number	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO Cumulative Total Expenditures	Provided to Subrecipients
					From	To				
U.S. Department of Homeland Security (Passed through N.J. Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA: Severe Winter Storm and Snowstorm Quinn	97.036	100-066-1200 C27-063430	\$ 3,833.72	03/06/18	03/07/18	\$ 3,833.72	\$ 3,833.72 *	\$ 3,833.72	
		97.036	100-066-1200 C73-069820	132,913.71	08/04/20	08/04/20	132,913.71	132,913.71 *	132,913.71	
		97.036	100-066-1200 C80-066290	58,997.27	01/31/21	02/02/21	58,997.27	58,997.27	58,997.27	
Total U.S. Department of Homeland Security										
U.S. Department of Treasury: (Passed through NJ Department of Community Affairs)	COVID 19 - American Rescue Plan Grant Coronavirus State and Local Government Fiscal Recovery Funds	21.027	100-022-8030 687-046010	592,633.36	03/03/21	12/31/24	296,316.68			
		Total U.S. Department of Treasury		296,316.68			296,316.68			
TOTAL FEDERAL AWARDS										\$ -0-
										\$ 492,061.38
										\$ 195,744.70
										\$ 195,744.70

* - Prior year expenses.

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

TOWNSHIP OF MENDHAM
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2021

Name of State Agency or Department	Name of Program	State Program Account No.	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO Cumulative Total Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	765-042-4900	\$ 20,531.04	01/01/18	12/31/21		\$ 9,076.30	\$ 20,531.04
		004-178910	23,295.53	01/01/19	12/31/22		997.71	997.71
			22,335.00	01/01/21	12/31/22	\$ 22,335.00		
						22,335.00		21,528.75
	Recycling Tonnage Grant	100-042-4910	7,899.91	01/01/18	12/31/22		760.79	852.58
		224-238490	2,938.67	01/01/21	12/31/22			852.58
	Green Acres							
	2020 - Pitney Farm	N/A	377,500.00	01/01/20	12/31/21		377,500.00	377,500.00
	Total Department of Environmental Protection					25,273.67	388,334.80	399,881.33
Department of Law and Public Safety	Drunk Driving Enforcement Func		3,408.82	01/01/18	12/31/22			1,799.14
			1,420.74	01/01/21	12/31/22	1,420.74		
			6,114.00	01/01/21	12/31/22	6,114.00		
	Body Armor Replacement Func	718-066-1020						
		001-090160						
	Body Worn Camera Grant	100-066-1020						
	2021	495-092120						
	Total Department of Law and Public Safety					7,534.74	437.53	1,799.14
Department of the Treasury (Passed through County of Morris)	Governor's Council on Alcoholism & Drug Abuse - Municipal Alliance Program (M.A.A.S.A.)	100-082-C001	16,560.00	07/01/19	06/30/20		6,150.84	6,150.84
		044-6010	7,980.00	07/01/20	06/30/21		3,979.80	6,511.80
						10,130.64		
	Total Department of the Treasury							
Department of Transportation	Transportation Trust Fund Authority Act Municipal State Aid: 2019 - Cold Hill Road 2020 - Woodland Road	480-078-6320						
		ANP-605179	332,000.00	01/01/19	12/31/21		332,000.00	332,000.00
		ANR-606280	252,000.00	01/01/20	12/31/22		245,570.83	245,570.83
	Total Department of Transportation					577,570.83	577,570.83	
	TOTAL STATE AWARDS					\$ 42,939.05	\$ 972,854.96	\$ 991,913.94

N/A - Not Available

TOWNSHIP OF MENDHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Township of Mendham under programs of the federal and state governments for the year ended December 31, 2021. 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 Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. GREEN ACRES LOANS PAYABLE

The Township of Mendham has the following Green Acres loans outstanding in the General Capital Fund as of December 31, 2021:

Green Acres Loan Payable #1	\$ 23,087.82
Green Acres Loan Payable #2	15,391.87
	\$ 38,479.69

The projects which relate to these loans are complete, and the Township is repaying the loan balances. There were no loan receipts or expenditures in the current year.

Note 5. N.J. ENVIRONMENTAL INFRASTRUCTURE (NJEIT) LOANS PAYABLE

The Township of Mendham has the following NJEIT loans outstanding in the Mendham East Sewer Utility Capital Fund as of December 31, 2021:

NJEIT Trust Loan Payable	\$ 885,000.00
NJEIT Fund Loan Payable	2,325,166.43
	\$ 3,210,166.43

TOWNSHIP OF MENDHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5. N.J. ENVIRONMENTAL INFRASTRUCTURE (NJEIT) LOANS PAYABLE (Cont'd)

As of December 31, 2021, the Township has borrowed or “drawn down” \$3,578,312 of the \$3,715,324 Loan funds necessary to complete the improvements to the Mendham Sewer East Treatment Plant, including the replacement of the effluent disposal systems. As of December 31, 2021, a receivable balance of \$137,012 is recorded in the Mendham East Sewer Utility Capital Fund. The project is complete and the Township is in the process of cancelling this balance.

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 Auditor's Report

The Honorable Mayor and Members
of the Township Committee
Township 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 Township of Lafayette, in the County of Sussex (the "Township") as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated April 25, 2022. 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 Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 have not been 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 2021-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Committee
Township of Mendham
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 Township's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
April 25, 2022

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Certified Public Accountant
Registered Municipal Accountant No. 447

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

Independent Auditor's Report

The Honorable Mayor and Members
of the Township Committee
Township of Mendham
Mendham, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Township of Mendham's (the "Township'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 Township's major state program for the year ended December 31, 2021. The Township'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 Township 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, 2021.

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 Township 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 Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

The Honorable Mayor and Members
of the Township Committee
Township of Mendham
Page 2

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township'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 Township'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 Township'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 Township'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 Township'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 Township Committee
Township of Mendham
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mount Arlington, New Jersey
April 25, 2022

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Certified Public Accountant
Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Township'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 Township 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*.
- The auditor's report on compliance for its major state program for the Township expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Township was not subject to the single audit provisions of the Uniform Guidance for the year ended December 31, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The Township's program tested as a major state program for the current year consisted of the following:

	<u>State Account No.</u>	<u>Grant Award</u>	<u>Expenditures</u>
<u>State:</u>			
Transportation Trust Fund Authority Act:			
Municipal State Aid:	480-078-6320		
2019 - Cold Hill Road	ANP-605179	\$ 332,000.00	\$ 332,000.00
2020 - Woodland Road	AN8-606280	252,000.00	245,570.83
			<u>\$ 577,570.83</u>

- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The threshold used for distinguishing between Type A and B programs was \$750,000.
- The Township was not determined to be a "low-risk" auditee for state programs.

TOWNSHIP OF MENDHAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021
(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 2021-001: 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 Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments of the Township are responsible for the issuance and collection of permits, licenses and court fines and costs; and recording of collections. The reconciliation of certain bank accounts and the preparation of the general ledger for the various funds are performed by the Chief Financial Officer. Also, the Tax/Utilities Rent Clerk is responsible for cash collections and the posting process.

Cause:

This is due, in part, to the limited number of personnel of the Township 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:

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response:

Administration has taken several measures in recent years to improve internal controls. Collection duties are shared among three employees in the Finance Department and prenumbered documents and monthly reports to the Chief Financial Officer are required by the other departments. Because the Municipal Court is governed by the Administrative Office of the Courts ("AOC"), the Township has little control over its control policies and procedures. The finding was evaluated and the Township is currently investigating the cost/benefit relationship of various alternatives to resolve this finding.

TOWNSHIP OF MENDHAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal 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 and New Jersey's OMB Circular 15-08.

TOWNSHIP OF MENDHAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

The Township's prior year audit finding 2020-001 regarding segregation of duties has not been resolved since the Township is in the process of investigating the cost/benefit relationship of various alternatives and is included as finding 2021-001 on the Schedule of Findings and Questioned Costs.

TOWNSHIP OF MENDHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP 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. 1971, C. 198 (N.J.S.A. 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 (N.J.S.A. 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 (N.J.S.A. 40A:11-2), 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.A. 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 therefore, 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 Township of Mendham has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 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.A. 40A:11-5.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, assessments or utility charges on or before the date when they would become delinquent.

On January 5, 2021, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be assessed on delinquencies in excess of \$10,000 at year end.

It appears from an examination on a test basis of the Tax and Sewer Collectors' records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The Township did not have a tax sale in 2021 because there were no eligible properties.

Inspection of tax sale certificates on file revealed that all tax sale certificates from tax sales were available for audit.

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>
2021	4
2020	4
2019	4

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, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2021 and 2022 Taxes	20
Delinquent Taxes	15
Payment of 2021 Sewer Charges	20
Delinquent Sewer Charges	13
Tax Title Liens	1

Verification notices were mailed to confirm balances as of December 31, 2021. The items that were returned were compared to and are in agreement with the Township's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

N.J.A.C. 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. General ledger accounting and record system.
3. Fixed asset accounting and reporting system.

The Township is currently in compliance with all of these accounting requirements.

Municipal Court

The financial records of the Municipal Court were tested and a summary of the transactions for the year 2021 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Receipts	Disbursements	Balance Dec. 31, 2021
State of New Jersey	\$ 2,243.89	\$ 17,862.59	\$ 19,441.60	\$ 664.88
County of Morris	707.50	12,348.00	11,975.00	1,080.50
Municipality	1,239.46	27,419.64	26,762.86	1,896.24
P.O.A.A.		2.00	2.00	
Conditional Discharge	227.00	809.00	1,036.00	
Public Defender	200.00	885.00	1,085.00	
Bail	500.00	200.00	700.00	
	<u>\$ 5,117.85</u>	<u>\$ 59,526.23</u>	<u>\$ 61,002.46</u>	<u>\$ 3,641.62</u>

Payroll

During our review of the Township's Payroll records, it was noted that health benefit contributions were not deducted for a new employee due to difficulties encountered during the enrollment process. As the Township is resolving this issue in the subsequent year and has controls in place to ensure health benefit deductions are withheld for all eligible employees, no formal recommendation is deemed necessary.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Grant Balances

As of December 31, 2021, there were various appropriated reserve balances in the Federal and State Grant Fund and receivable balances in the Federal and State Grant Fund, General Capital Fund and Sewer East Utility Capital Fund which have been on the Township's records for several years. It is suggested that the Township continue to review these older grant balances for cancellation.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, Leases, is effective for the year ended December 31, 2022. Previously leases were either categorized as capital leases or operating leases. This statement will likely affect most leases formerly classified as operating leases. There will be required disclosures for leases for which the Township is either a lessee or a lessor although there will be no impact on the actual financial statements. It is likely that a lease software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

COVID-19 Federal Funding

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

Status of Prior Year Recommendations

The prior year recommendations regarding the cancellation of older tickets assigned to an officer but not issued and the preparation of Township minutes have been resolved. The recommendation regarding segregation of duties has not been completely resolved and is included in the current year report.

TOWNSHIP OF MENDHAM
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
