MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2025

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2025
TABLE OF CONTENTS

Cover Letter 1
Scope of Audit 2
Administrative Practices and Procedures 2
Insurance 2
Officials in Office and Surety Bonds 2
P.L. 2020, Chapter 44 2
Tuition Charges 2
Financial Planning, Accounting and Reporting 2-4
Examination of Claims 2
Payroll Account and Position Control Roster 2-3
Reserve for Encumbrances and Accounts Payable 3
Classification of Expenditures – General and Administration 3
Board Secretary's Records 3
Treasurer's Records 3
The Elementary and Secondary Education Act (E.S.E.A) as amended by the Every Student Succeeds Act(E.S.S.A.) 3
Other Special Federal and/or State Projects 4
T.P.A.F Reimbursement 4
School Purchasing Programs 4-5
Contracts and Agreements Requiring Advertisement for Bids 4-5
School Food Service 5
Student Body Activities 5
Application for State School Aid 6
Pupil Transportation 6
Facilities and Capital Assets 6
Travel Expense and Reimbursement Policy 6
Testing for Lead of all Drinking Water in Educational Facilities 6
Management Suggestions 7
Status of Prior Year's Findings/Recommendations 7
Schedule of Meal Count Activity (Not Applicable)
Schedule of Net Cash Resources (Not Applicable)
Schedule of Audited Enrollments 8-11
Excess Surplus Calculation 12-13
Summary of Recommendations 14

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ

973.298.8500
nisivoccia.com

Independent Member
BKR International

October 17, 2025

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Mendham Township School District in the County of Morris for the fiscal year ended June 30, 2025, and have issued our report thereon dated October 17, 2025.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated October 17, 2025, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions.

This report is intended for the information of the Mendham Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's ACFR.

Officials in Office and Surety Bonds

Name	Position	Coverage
Elizabeth George	Treasurer of School Monies	$ 250,000
Donna Mosner	Business Administrator/Board Secretary	250,000

P.L. 2020, Chapter 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted included all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator, and the District's Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification, or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

All payrolls were approved by the Chief School Administrator and certified by the President of the Board, the School Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits withholdings due to the General Fund.

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the New Jersey Department of Treasury was filed by the March 15th due date.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting as a test sample, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.2. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

The Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title II and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State of Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey before the required deadline of October 1, 2025. The reimbursement form was reviewed, and we have no comments except as noted herein.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing 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 resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a 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 the Board of Education 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.

N.J.S.A. 18A:18A-3 states: b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education 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 N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest $1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made."

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

N.J.S.A. 18A:18A-4 states, "Every contract 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 Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are $44,000 (with a Qualified Purchasing Agent) and $32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is $20,200 for 2024-25.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

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. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of ant work or the furnishing or hiring of ant material or supplies", in excess of the statutory thresholds where there had been no advertising in accordance with the provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The School District did not participate in the Child Nutrition Program during the current fiscal year.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual education and low income. We also performed a review of the District procedures related to its completion.

The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2024-2025 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

The District did not have any facilities projects during the fiscal year.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal travel policy and procedure pertaining to travel expenses and reimbursements for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements effective for Fiscal Year Ending June 30, 2026

GASB Statement No. 103, Financial Reporting Model Improvements

Management's Discussion and Analysis (MD&A)

Information in MD&A is limited to five sections – Overview of Financial Statements, Financial Summary, Detailed Analyses, Significant Capital Assets and Long-Term Financing Activity and Currently Known Facts. Standard emphasizes that the detailed analyses should explain why balances and results of operations changed. Also, only the most relevant information should be presented.

Unusual or Infrequent Items

Statement provides a definition of these items and the presentation of these items in the financial statements.

Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position

Provides a definition of both operating and nonoperating revenue and expenses. New requirement for subtotals for Operating Income/(Loss) and Noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Provides a definition of subsidies.

Budgetary Comparison Information

Must present variance between original and final budget amounts as well as variance between final budget and actual amounts. An explanation of significant variances must be included in the Notes to the Required Supplementary Information (RSI).

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Status of Prior Year's Findings/Recommendations

There were no prior year audit recommendations.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	2025-2026 Application for State School Aid						Sample for Verification					
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers on Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool 3 Years Old	17		17				17		17			
Full Day Preschool 4 Years Old	30		30				30		30			
Full Day Kindergarten	57		57				57		57			
Grade One	85		85				85		85			
Grade Two	61		61				61		61			
Grade Three	74		74				74		74			
Grade Four	97		97				97		97			
Grade Five	75		75				75		75			
Grade Six	89		89				89		89			
Grade Seven	65		65				65		65			
Grade Eight	73		73				73		73			
Subtotal	723		723				723		723			
Special Education:												
Elementary School	56		56				5		5			
Middle School	29		29				4		4			
Subtotal	85		85				9		9			
Totals	808	- 0 -	808	- 0 -	- 0 -	- 0 -	732	- 0 -	732	- 0 -	- 0 -	- 0 -
Percentage Error					0.00%	0.00%					0.00%	0.00%

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Private Schools for Disabled				Resident Low Income					
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Special Education:										
Elementary	2									
Middle School	5	3	3		2	2		2	2	
Subtotal	7	3	3		2	2		2	2	
Totals	7	3	3	- 0 -	2	2	- 0 -	2	2	- 0 -
Percentage Error				0.00%			0.00%			0.00%

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

Resident LEP Low Income

Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors

NOT APPLICABLE

Resident LEP Not Low Income

Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors

NOT APPLICABLE

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	424	424		25	25	
Regular - Special Education	26	26		4	4	
Transported - Non Public	4	4		1	1	
AIL - Non Public	84	84		8	8	
Special Needs - Public	35	35		4	4	
Special Needs - Private	6	6		1	1	
Totals	579	579	- 0 -	43	43	- 0 -
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.8	4.8
Average Mileage - Regular Excluding Grade PK Students	4.8	4.8
Average Mileage - Special Education with Special Needs	4.7	4.7

MENDHAM TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2025

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2024-2025 Total General Fund Expenditures Reported ACFR Exhibit C-1	$ 28,512,060	(B)		
Increased by:				
Transfer from Capital Outlay to Capital Projects Fund	281,000	(B1a)		
Transfer from Capital Reserve to Capital Projects		(B1b)		
Transfer from General Fund to SRF for PreK-Regular		(B1c)		
Transfer from General Fund to SRF for PreK-Inclusion		(B1d)		
Decreased by:				
On-Behalf TPAF Pension and Social Security	4,344,485	(B2a)		
Assets Acquired Under Financed Purchases	555,351	(B2b)		
Adjusted 2024-2025 General Fund Expenditures [(B)+(B1's)-(B2's)]	$ 23,893,224	(B3)		
2% of Adjusted 2024-2025 General Fund Expenditures [(B3) times .02]	$ 477,864	(B4)		
Enter Greater of (B4) or $250,000	477,864	(B5)		
Increased by: Allowable Adjustments	422,463	(K)		
Maximum Unassigned Fund Balance [(B5)+(K)]			$ 900,327	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2025	$ 7,032,073	(C)		
(Per ACFR Budgetary Comparison Schedule C-1)				
Decreased by:				
Year-End Encumbrances	1,263,548	(C1)		
Legally Restricted - Designated for Subsequent Year's Expenditures		(C2)		
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	992,589	(C3)		
Other Restricted/Reserved Fund Balances	2,888,640	(C4)		
Assigned Fund Balance - Designated for Subsequent Year's Expenditures		(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 1,887,296	(U1)

MENDHAM TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2025
(Continued)

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER $ - 0 -	$ 986,969	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	$ 992,589	(C3)
Restricted Excess Surplus [(E)]	986,969	(E)
Total [(C3)+(E)]	$ 1,979,558	(D)

Detail of Allowable Adjustments

Impact Aid		(H)
Sale and Lease Back		(I)
Extraordinary Aid	$ 382,779	(J1)
Additional Nonpublic School Transportation Aid	39,684	(J2)
Current Year School Bus Advertising Revenue Recognized		(J3)
Family Crisis Transportation Aid		(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	$ 422,463	(K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:		
Approved Unspent Separate Proposal		
Sale/Lease-back Reserve		
Emergency Reserve		
Capital Reserve	$ 1,831,428	
Maintenance Reserve	926,840	
Unemployment Compensation	130,372	
Total Other Restricted/Reserved Fund Balances	$ 2,888,640	(C4)

MENDHAM TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2025

It is recommended that:

1. Administrative Practices and Procedures

   None

2. Financial Planning, Accounting and Reporting

   None

3. School Purchasing Program

   None

4. School Food Service

   None

5. Student Body Activities

   None

6. Application for State School Aid

   None

7. Pupil Transportation

   None

8. Facilities and Capital Assets

   None

9. Status of Prior Year's Findings/Recommendations

   There were no prior year recommendations.