

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF DENVILLE**

**Denville Township Board of Education
Denville, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

DENVILLE TOWNSHIP SCHOOL DISTRICT

Denville, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Denville Township Board of Education
Finance Department**

DENVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors.....	7
ASBO International Certificate of Excellence	8
 FINANCIAL SECTION.....	 9
Independent Auditors' Report.....	10
Required Supplementary Information.....	13
Management's Discussion and Analysis	14
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	32
B-6 Statement of Cash Flows – Proprietary Funds.....	33
Notes to the Basic Financial Statements.....	34
Required Supplementary Information	72
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	73
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	73
L-2 Schedule of District Contributions – Public Employees Retirement System	74
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund.....	75
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	76
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	77
Notes to Required Supplementary Information	78

DENVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

C.	Budgetary Comparison Schedules.....	80
C-1	Budgetary Comparison Schedule – General Fund.....	81
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	92
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	93
D.	School Level Schedules (Not Applicable).....	94
E.	Special Revenue Fund.....	95
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	96
E-2	Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	100
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budgetary Basis.....	101
F-1A	Schedule of Project Revenue, Expenditures, Project Balance, and Project Status HVAC at Valleyview Middle School.....	102
G.	Proprietary Funds.....	103
Enterprise Fund:		
G-1	Statement of Net Position.....	104
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	105
G-3	Statement of Cash Flows.....	106
H.	Fiduciary Activities (Not Applicable).....	107
I.	Long-Term Debt.....	108
I-1	Schedule of Serial Bonds (Not Applicable)	
I-2	Schedule of Obligations Under Financed Purchases.....	109
I-3	Schedule of Obligations Under Leases.....	110
I-4	Debt Service Fund Budgetary Comparison Schedule (Not Applicable)	

STATISTICAL SECTION

J.	Statistical Section (Unaudited).....	111
J-1	Net Position by Component.....	112
J-2	Changes in Net Position.....	113
J-3	Fund Balances – Governmental Funds.....	116
J-4	Changes in Fund Balances – Governmental Funds.....	117
J-5	General Fund – Other Local Revenue by Source.....	119
J-6	Assessed Value and Actual Value of Taxable Property.....	120
J-7	Direct and Overlapping Property Tax Rates.....	121

DENVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

STATISTICAL SECTION (Cont'd)

J.	Statistical Section (Unaudited) (Cont'd)	
J-8	Principal Property Tax Payers	122
J-9	Property Tax Levies and Collections	123
J-10	Ratios of Outstanding Debt by Type	124
J-11	Ratios of Net General Bonded Debt Outstanding	125
J-12	Ratios of Overlapping Governmental Activities Debt	126
J-13	Legal Debt Margin Information	127
J-14	Demographic and Economic Statistics	128
J-15	Principal Employers	129
J-16	Full-Time Equivalent District Employees by Function/Program	130
J-17	Operating Statistics	131
J-18	School Building Information	132
J-19	Schedule of Required Maintenance for School Facilities	133
J-20	Insurance Schedule	134
K.	SINGLE AUDIT SECTION	135
K-1	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 <i>Government Auditing Standards</i>	136
K-2	Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08.....	138
K-3	Schedule of Expenditures of Federal Awards	141
K-4	Schedule of Expenditures of State Awards	143
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	145
K-6	Schedule of Findings and Questioned Costs	147
K-7	Summary Schedule of Prior Audit Findings	149

INTRODUCTORY SECTION
(UNAUDITED)



Denville Township Schools

1 Saint Mary's Place – Second Floor, Denville, New Jersey 07834

Mrs. Damaris Gurowsky
Business Administrator/Board Secretary
Ph. 973-983-6530
Fax: 973-784-4778
dgurowsky@denville.org

January 31, 2023

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

Dear President, Board Members, and Citizens:

The annual comprehensive financial report of the Denville Township School District (the "District") for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The transmittal letter is designed to be read in conjunction with the MD&A. The MD&A section provides an overview of factors that impact the District's financial position.

1) REPORTING ENTITY AND ITS SERVICES: The Denville Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Denville Township School District and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for classified youngsters with special needs.

2) ENROLLMENT:

The District completed the 2021-2022 fiscal year with an enrollment of 1,664 students, which is an increase of 44 students or 2.72% from the previous year's enrollment. The projected enrollment for the 2022-2023 fiscal year is 1,690 students. While nationally, Charter Schools have become popular, the district has seen limited use of this alternative education source having just one student choose this option in the past school year.

3) SCHOOL BUILDINGS and CAPITAL IMPROVEMENTS:

The District's buildings, Lakeview Elementary School and Riverview Elementary School were built in 1958, Valleyview Middle School was built in 1965. The District's Bus Garage were built in 1964, respectively.

4) ECONOMIC CONDITION AND OUTLOOK:

The Denville Board of Education continue to be affected by changes in state aid and regulations as it relates to employee salaries and health benefits. Enrollment numbers for the current year increase slightly from the prior year. Given the economic environment of the country as a whole, this may change in the future.

The 2021-2022 school year was a challenging year due to the residual effects from the COVID 19 Pandemic. The Denville Township School District opened for full day, in-person, instruction at the start of the 21-22 School Year. Additional work with social emotional learning and additional funding for virtual tutoring were necessary to address student learning loss. Monies were budgeted for the increase of teacher overtime required to provided live-stream instruction and small group sessions to students that were quarantined for COVID illness or exposure.

5) MAJOR INITIATIVES:

Math - Budget priority includes additional professional development in the areas of multi-sensory instruction, modeling and problem-solving will be provided. Digital support programs include Reflex & Frax Math K-5, Math 180, DreamBox Math, and LinkIt! Benchmark Assessments K-8. Funding for online tutoring was made available for students who experience learning loss during the pandemic.

English Language Arts - Professional development money was budgeted to further the implementation of K-5 Readers/Writers workshop and best practices in grades 6-8 to support the New Jersey Student Learning Standards and ensure NJSLA preparation. Some units were purchased digitally to support learning in the virtual setting. The priority was on the word work component of our balanced literacy program and expanding the middle school classroom libraries and book clubs. To support virtual learning, digital literacy products, such as Newsela were ordered. Additional classroom libraries were purchased for new grade level sections. Funding for online tutoring was made available for students who experience learning loss during the pandemic.

Science - Funding was provided to replenish consumable material for the Science Programs K-8. Digital support programs include Mystery Science, Brain Pop, and Discovery Science.

Life Careers - Funding was provided to replenish consumable materials and renovation of the Family and Consumer Science Lab.

Health & Physical Education - Funding was provided to purchase new texts to support updated Health Curriculum and replacement equipment for Physical Education as needed.

World Languages - The World Language Program expanded to include full year programs 6-8, and weekly programs K-5. Funding was also provided for additional texts and online language programs.

Technology - Budgetary expenditures to replace computer hardware & no longer supported software were included. The installation of replacement FM systems, Document Cameras and Smartboards continues, along with the expansion of a 1:1 Chromebook initiative to include elementary grades. Approximately 300 Chromebooks were purchased. Work on enhancing the Wi-Fi at the two elementary schools was included in this budget.

Visual Performing Arts - Funding was provided to replenish consumable supplies in music and art programs.

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

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

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

7) ACCOUNTING SYSTEM AND BUDGETARY CONTROLS: The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report.

The District's accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for most budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from unassigned fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2022.

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

The District’s budget is developed annually by the administration with input from all stakeholders in the District. Once compiled, it is presented to the District’s Board of Education and the New Jersey Department of Education’s Executive County Superintendent of Schools in March of each year. It is then advertised for public input and a budget hearing is scheduled. Public comment at the hearing may result in modifications. The final budget must be posted to the District’s website forty-eight hours after the public hearing.

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

8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet 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*. The auditors’ report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

9) AWARDS: The Association of School Business Officials International (“ASBO”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denville Township School District for its Annual Comprehensive Financial Report (“ACFR”) for the fiscal years ended June 30, 2019 through 2021. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the ACFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2022.

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

Respectfully submitted,

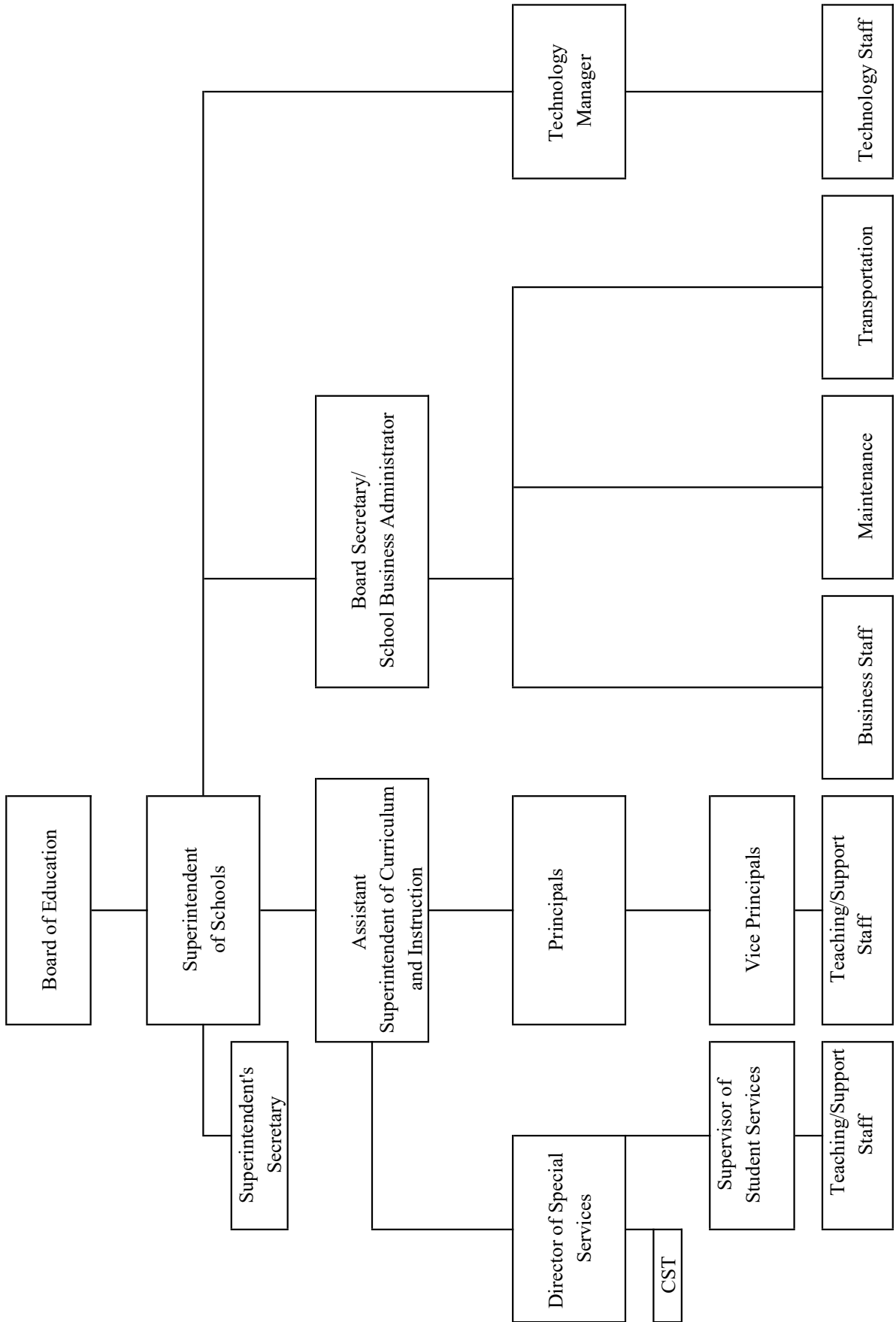


Dr. Steven Forte
Superintendent



Damaris Gurowsky
Business Administrator/Board Secretary

DENVILLE TOWNSHIP SCHOOL DISTRICT
Organizational Chart
 (Unit Control)



**DENVILLE TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Andersen, President	2023
Dino Cappello, Vice President	2023
James Kim	2023
Laura Wagner	2022
Dr. Venu Arunajatesan	2024
Dr. Clifford Moore	2024
Don Casse	2022

<u>Other Officials</u>	<u>Title</u>
Dr. Steven Forte	Superintendent of Schools
Damaris Gurowsky	Board Secretary/School Business Administrator
Paula Hatch	Treasurer of School Monies

**DENVILLE TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC
The Legal Center
1037 Raymond Blvd., Suite 900
Newark, NJ 07102

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Audit Firm

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

Architect

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

French & Parrello Associates
1800 Route 34 Suite 101
Wall, NJ 07719

Official Depositories

Provident Bank
41 Broadway
Denville, NJ 07834

State of New Jersey Cash Management Fund
Division of Investment
Department of the Treasury
Trenton, NJ 08625



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Denville Board of Education

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Denville Township School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable President and Members
of the Board of Education
Denville Township School District
Page 3
January 31, 2023

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
January 31, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**DENVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of the Denville Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of the Denville Township School District's Financial Report**

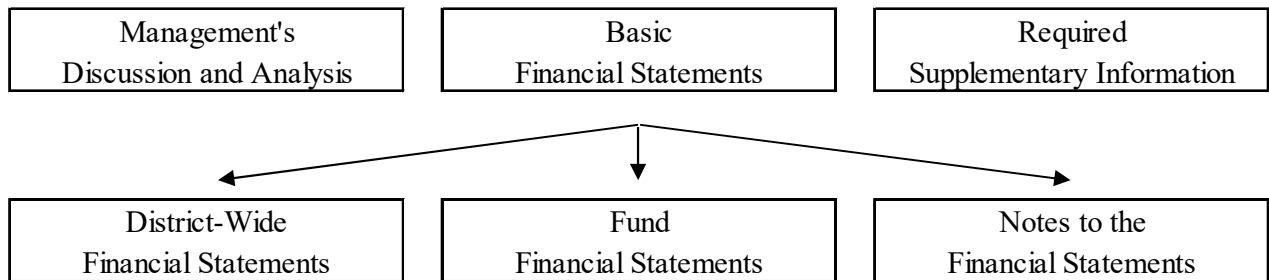


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Basic Financial Statements: The notes provide basic information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. Those notes to the basic financial statements can be found immediately following the Fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 11.67%. Net position from governmental activities increased \$1,704,936 while net position from business-type activities decreased \$2,088. Net investment in capital assets increased \$1,377,374, restricted net position decreased by \$1,520,818 and unrestricted net position increased \$1,848,380.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021*	2021/2022	2020/2021	2021/2022	2020/2021*	2021/2022
Current and Other Assets	\$ 11,502,450	\$ 12,236,324	\$ 17,992	\$ 8,636	\$ 11,520,442	\$ 12,244,960	
Capital Assets, Net	15,944,047	14,642,780	116,702	128,146	16,060,749	14,770,926	
Lease Assets, Net	459,466	529,750			459,466	529,750	
Total Assets	<u>27,905,963</u>	<u>27,408,854</u>	<u>134,694</u>	<u>136,782</u>	<u>27,581,191</u>	<u>27,015,886</u>	2.09%
Deferred Outflows of Resources	<u>1,108,868</u>	<u>1,815,722</u>			<u>1,108,868</u>	<u>1,815,722</u>	-38.93%
Other Liabilities	1,014,980	711,878			1,014,980	711,878	
Long-Term Liabilities	<u>7,927,008</u>	<u>10,319,313</u>			<u>7,927,008</u>	<u>10,319,313</u>	
Total Liabilities	<u>8,941,988</u>	<u>11,031,191</u>			<u>8,941,988</u>	<u>11,031,191</u>	-18.94%
Deferred Inflows of Resources	<u>3,910,317</u>	<u>3,735,795</u>			<u>3,910,317</u>	<u>3,735,795</u>	4.67%
Net Position:							
Net Investment in							
Capital Assets	14,752,731	13,375,357	116,702	128,146	14,869,433	13,503,503	
Restricted	7,138,433	8,659,251			7,138,433	8,659,251	
Unrestricted/(Deficit)	<u>(5,728,638)</u>	<u>(7,577,018)</u>	<u>17,992</u>	<u>8,636</u>	<u>(5,710,646)</u>	<u>(7,568,382)</u>	
Total Net Position	<u>\$ 16,162,526</u>	<u>\$ 14,457,590</u>	<u>\$ 134,694</u>	<u>\$ 136,782</u>	<u>\$ 16,297,220</u>	<u>\$ 14,594,372</u>	11.67%

* Restated

Changes in Net Position. The District's combined net position was \$16,297,220 on June 30, 2022, \$1,702,848 or 11.67% more than it was the year before (See Figure A-3). Net investment in capital assets increased mainly due to capital assets additions and paydown of financed purchases principal offset by depreciation. Restricted net position decreased primarily as a result of a withdrawal from the Capital Reserve for the roof replacement at Lakeview and HVAC replacement at Riverview. Unrestricted net position increased mainly due to the decrease in net pension liability. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	Percentage Change 2021/2022
Revenue:							
Program Revenue:							
Charges for Services	\$ 168,642	\$ 31,930	\$ 44,403	\$ 2,504	\$ 213,045	\$ 34,434	
Grants and Contributions:							
Operating	15,271,224	9,867,150	19,354	7,896	15,290,578	9,875,046	
General Revenue:							
Property Taxes	32,489,754	32,324,284			32,489,754	32,324,284	
Federal and State Aid Not Restricted	17,045	25,609			17,045	25,609	
Other	156,694	140,503	183	129	156,877	140,632	
Total Revenue	<u>48,103,359</u>	<u>42,389,476</u>	<u>63,940</u>	<u>10,529</u>	<u>48,167,299</u>	<u>42,400,005</u>	13.60%
Expenses:							
Instruction	29,284,048	24,752,284			29,284,048	24,752,284	
Pupil and Instruction Services	5,772,161	5,132,862			5,772,161	5,132,862	
Administrative and Business	4,021,362	3,933,367			4,021,362	3,933,367	
Maintenance and Operations	4,034,209	3,337,019			4,034,209	3,337,019	
Transportation	2,697,931	2,237,351			2,697,931	2,237,351	
Other	533,712	275,693	121,028	38,074	654,740	313,767	
Total Expenses	<u>46,343,423</u>	<u>39,668,576</u>	<u>121,028</u>	<u>38,074</u>	<u>46,464,451</u>	<u>39,706,650</u>	17.02%
Transfers	(55,000)	(28,000)	55,000	28,000	-0-	-0-	
Change in Net Position	1,704,936	2,692,900	(2,088)	455	1,702,848	2,693,355	-36.78%
Beginning Net Position *	14,457,590	11,764,690	136,782	136,327	14,594,372	11,901,017	
Ending Net Position	<u>\$ 16,162,526</u>	<u>\$14,457,590</u>	<u>\$134,694</u>	<u>\$136,782</u>	<u>\$16,297,220</u>	<u>\$14,594,372</u>	11.67%

* Restated

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has increased by \$1.7 million. Maintaining existing programs with changes in enrollment, the provision of a multitude of special programs/services for disabled pupils and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because state aid has remained relatively flat over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 29,284,048	\$ 24,752,284	\$ 16,502,613	\$ 15,821,820
Pupil and Instruction Services	5,772,161	5,132,862	5,000,236	5,063,711
Administrative and Business	4,021,362	3,933,367	3,181,690	3,438,903
Maintenance and Operations	4,034,209	3,337,019	3,523,995	3,272,572
Transportation	2,697,931	2,237,351	2,161,311	1,896,797
Other	533,712	275,693	533,712	275,693
	<u>\$ 46,343,423</u>	<u>\$ 39,668,576</u>	<u>\$ 30,903,557</u>	<u>\$ 29,769,496</u>

Business-Type Activities

Net position from the District’s business-type activities, food service, decreased by \$2,088 due to normal expenses exceeding revenues offset by contributions from the General Fund. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s General Fund financial status improved despite difficult economic times which have had a direct impact upon the District’s revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs, textbooks, and teachers’ salaries, increased utilities costs and legal and other professional services.

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Land	\$ 105,150	\$ 105,150			\$ 105,150	\$ 105,150	
Construction in Progress	667,942				667,942		
Site Improvements	305,933	322,035			305,933	322,035	
Buildings and Building Improvements	13,439,445	12,854,006			13,439,445	12,854,006	
Machinery and Equipment	1,425,577	1,361,589	\$ 116,702	\$ 128,146	1,542,279	1,489,735	
Total Capital Assets, Net of Depreciation	\$ 15,944,047	\$ 14,642,780	\$ 116,702	\$ 128,146	\$ 16,060,749	\$ 14,770,926	8.73%

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

Long-term Liabilities

The District's long-term liabilities decreased \$2,392,305, or 23.18%, – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2021/2022	2020/2021*	2021/2022
Net Pension Liability	\$ 6,052,212	\$ 8,290,630	
Financed Purchases Payable	1,146,296	1,262,785	
Leases Payable	504,486	534,388	
Compensated Absences Payable	224,014	231,510	
	\$ 7,927,008	\$ 10,319,313	-23.18%

* Restated

- The District's net pension liability decreased by \$2,238,418.
- The District paid down \$116,489 of financed purchases payable.
- The District paid down \$137,009 of leases payable and entered into a new copier lease for \$107,107.
- The District's liability for compensated absences decreased by a net amount of \$7,496.

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

At the time these financial statements were prepared and audited, the District was aware of existing circumstance that could significantly affect its financial health in the future. Many factors were considered by the District's administration during the process of developing the fiscal year budget. The primary factors were the District's projected student population, anticipated state and federal aid, as well, as increasing salaries and related benefit costs.

While many factors influence the District's future, the availability of funding for special education needs will have the most impact on educational and fiscal decision making in the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 1 Saint Mary's Place, 2nd Floor, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,029,442	\$ 32,283	\$ 4,061,725
Internal Balances	15,374	(15,374)	
Receivables from Federal Governments	541,087	1,083	542,170
Receivables from State Governments	127,547		127,547
Other Accounts Receivable	25,567		25,567
Prepaid Expenses	25,000		25,000
Restricted Cash and Cash Equivalents	6,738,433		6,738,433
Capital Assets:			
Sites (Land)	105,150		105,150
Construction in Progress	667,942		667,942
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	15,170,955	116,702	15,287,657
Lease Assets, Net	459,466		459,466
Total Assets	<u>27,905,963</u>	<u>134,694</u>	<u>28,040,657</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	545,868		545,868
District Contribution Subsequent to the Measurement Date	563,000		563,000
Total Deferred Outflows of Resources	<u>1,108,868</u>		<u>1,108,868</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	958,967		958,967
Payable to Federal Government	16		16
Payable to State Government	1,550		1,550
Unearned Revenue	54,447		54,447
Noncurrent Liabilities:			
Due Within One Year	260,370		260,370
Due Beyond one Year	7,666,638		7,666,638
Total Liabilities	<u>8,941,988</u>		<u>8,941,988</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	3,910,317		3,910,317
Total Deferred Outflows of Resources	<u>3,910,317</u>		<u>3,910,317</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	14,752,731	116,702	14,869,433
Restricted for:			
Capital Projects	4,527,034		4,527,034
Maintenance	1,500,711		1,500,711
Unemployment Compensation	652,779		652,779
Student Activities	57,909		57,909
Excess Surplus	400,000		400,000
Unrestricted/(Deficit)	<u>(5,728,638)</u>	<u>17,992</u>	<u>(5,710,646)</u>
Total Net Position	<u>\$ 16,162,526</u>	<u>\$ 134,694</u>	<u>\$ 16,297,220</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 19,344,407	\$ 91,020	\$ 6,846,611	\$ (12,406,776)		\$ (12,406,776)
Special Education	8,688,075		5,461,638	(3,226,437)		(3,226,437)
Other Special Instruction	926,545		334,331	(592,214)		(592,214)
Other Instruction	325,021		47,835	(277,186)		(277,186)
Support Services:						
Tuition	471,120			(471,120)		(471,120)
Student & Instruction Related Services	5,301,041	77,622	694,303	(4,529,116)		(4,529,116)
General Administrative Services	1,075,265		102,311	(972,954)		(972,954)
School Administrative Services	2,066,954		610,590	(1,456,364)		(1,456,364)
Central Services	510,578		79,646	(430,932)		(430,932)
Administration Information Technology	368,565		47,125	(321,440)		(321,440)
Plant Operations and Maintenance	4,034,209		510,214	(3,523,995)		(3,523,995)
Pupil Transportation	2,697,931		536,620	(2,161,311)		(2,161,311)
Transfer to Charter Schools	64,207			(64,207)		(64,207)
Capital Outlay	469,505			(469,505)		(469,505)
Total Governmental Activities	46,343,423	168,642	15,271,224	(30,903,557)		(30,903,557)

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 121,028	\$ 44,403	\$ 19,354	\$ (57,271)	\$ (57,271)	\$ (57,271)
Total Business-Type Activities	121,028	44,403	19,354	(57,271)	(57,271)	(57,271)
Total Primary Government	\$ 46,464,451	\$ 213,045	\$ 15,290,578	\$ (30,903,557)	\$ (57,271)	\$ (30,960,828)
General Revenues and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				32,489,754		32,489,754
Federal and State Aid not Restricted				17,045		17,045
Interest and Miscellaneous Revenue				123,560	183	123,743
Restricted Miscellaneous Revenue				33,134		33,134
Transfers				(55,000)	55,000	
Total General Revenues and Transfers				32,608,493	55,183	32,663,676
Change in Net Position				1,704,936	(2,088)	1,702,848
Net Position - Beginning (Restated)				14,457,590	136,782	14,594,372
Net Position - Ending				\$ 16,162,526	\$ 134,694	\$ 16,297,220

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

FUND FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,029,442			\$ 4,029,442
Interfund Receivables	174,544			174,544
Receivables from State Government	492,568		\$ 48,519	541,087
Receivables from Federal Government		\$ 127,547		127,547
Prepaid Expenses	25,000			25,000
Other Accounts Receivable	25,567			25,567
Restricted Cash and Cash Equivalents	6,680,524	57,909		6,738,433
Total Assets	\$ 11,427,645	\$ 185,456	\$ 48,519	\$ 11,661,620
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 385,149	\$ 10,818		\$ 395,967
Interfund Payable		110,651	\$ 48,519	159,170
Payable to Federal Government		16		16
Payable to State Government		1,550		1,550
Unearned Revenue	49,935	4,512		54,447
Total Liabilities	435,084	127,547	48,519	611,150
Fund Balances:				
Restricted:				
Capital Reserve Account	4,527,034			4,527,034
Maintenance Reserve Account	1,500,711			1,500,711
Unemployment Compensation	652,779			652,779
Excess Surplus - 2023-2024	200,000			200,000
Excess Surplus - 2022-2023	200,000			200,000
Student Activities		57,909		57,909
Assigned:				
Other Purposes	2,367,047			2,367,047
Unassigned	1,544,990			1,544,990
Total Fund Balances	10,992,561	57,909		11,050,470
Total Liabilities and Fund Balances	\$ 11,427,645	\$ 185,456	\$ 48,519	

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds.	15,944,047
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	459,466
Certain amounts related to the Net Pension Liability and Deferred are Amortized in the Statement of Activities and not reported in the Governmental Funds:	
Deferred Outflows	1,108,868
Deferred Inflows	(3,910,317)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(563,000)
Long-Term Liabilities, including net pension liability for PERS, bonds payable, leases payable and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 9)	(7,927,008)
Net Position of Governmental Activities	\$ 16,162,526

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 32,489,754			\$ 32,489,754
Tuition	91,020			91,020
Interest on Maintenance Reserve Funds	3,946			3,946
Interest on Capital Reserve Funds	9,986			9,986
Restricted Miscellaneous	33,134	\$ 77,622		110,756
Unrestricted Miscellaneous	109,628	4,800		114,428
Total - Local Sources	32,737,468	82,422		32,819,890
State Sources	9,403,949	36,831	\$ 55,644	9,496,424
Federal Sources	17,045	885,798		902,843
Total Revenues	42,158,462	1,005,051	55,644	43,219,157
EXPENDITURES				
Current:				
Regular Instruction	10,126,077	430,580		10,556,657
Special Education Instruction	4,170,031	460,018		4,630,049
Other Special Instruction	467,366			467,366
Other Instruction	239,791			239,791
Support Services and Undistributed Costs:				
Tuition	471,120			471,120
Student & Instruction Related Services	3,936,801	92,273		4,029,074
General Administrative Services	722,787			722,787
School Administrative Services	1,162,765			1,162,765
Central Services	374,409			374,409
Administration Information Technology	223,124			223,124
Plant Operations and Maintenance	3,390,721			3,390,721
Pupil Transportation	1,912,807			1,912,807
Allocated and Unallocated Benefits	13,395,272			13,395,272
Capital Outlay	2,587,616	36,831	55,644	2,680,091
Transfer of Funds to Charter Schools	64,207			64,207
Total Expenditures	43,244,894	1,019,702	55,644	44,320,240
Excess of Revenues Over Expenditures	(1,086,432)	(14,651)	-0-	(1,101,083)
OTHER FINANCING SOURCES/(USES)				
Leases (non-budgeted)	107,107			107,107
Transfers In/(Out)	(55,000)			(55,000)
Total Other Financing Sources/(Uses)	52,107		-0-	52,107
Net Change in Fund Balances	(1,034,325)	(14,651)		(1,048,976)
Fund Balance—July 1 (Restated)	12,026,886	72,560		12,099,446
Fund Balance—June 30	<u>\$ 10,992,561</u>	<u>\$ 57,909</u>	<u>\$ -0-</u>	<u>\$ 11,050,470</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,048,976)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

	Capital Asset Additions	\$ 2,258,102	
	Depreciation	<u>(956,835)</u>	
			1,301,267

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

	Amortization Expense	\$ (177,391)	
	Lease Asset Additions	<u>107,107</u>	
			(70,284)

Leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (107,107)

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 137,009

Repayment of financed purchases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 116,489

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		2,238,418	
Change in Deferred Outflows		(694,854)	
Change in Deferred Inflows		(174,522)	

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 7,496

Change in Net Position of Governmental Activities (A-2) \$ 1,704,936

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-type Activities - Enterprise Funds <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 32,283
Accounts Receivable:	
Federal	<u>1,083</u>
Total Current Assets	<u>33,366</u>
Non-Current Assets:	
Capital Assets	176,237
Less: Accumulated Depreciation	<u>(59,535)</u>
Total Non-Current Assets	<u>116,702</u>
Total Assets	<u>150,068</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable - General Fund	<u>15,374</u>
Total Current Liabilities	<u>15,374</u>
Total Liabilities	<u>15,374</u>
NET POSITION:	
Investment in Capital Assets	116,702
Unrestricted	<u>17,992</u>
Total Net Position	<u><u>\$ 134,694</u></u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-type Activities - Enterprise Fund Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 44,403
Total Operating Revenue	<u>44,403</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	107,527
Depreciation	11,444
Miscellaneous Expenses	2,057
Total Operating Expenses	<u>121,028</u>
Operating Loss	<u>(76,625)</u>
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	14,354
Local Sources:	
Interest Revenue	183
Donation from Denville Township	5,000
Total Non-Operating Revenue	<u>19,537</u>
Change in Net Position Before Transfer	(57,088)
Transfer - General Fund	<u>55,000</u>
Change in Net Position After Transfer	(2,088)
Net Position - Beginning of Year	<u>136,782</u>
Net Position - End of Year	<u>\$ 134,694</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 44,403
Payments to Suppliers	<u>(109,584)</u>
Net Cash Used for Operating Activities	<u>(65,181)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>183</u>
Net Cash Provided by Investing Activities	<u>183</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	13,353
Donations from Denville Township	5,000
Interfund Advanced - General Fund	(1,529)
Transfer - General Fund	<u>55,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>71,824</u>
Net Increase in Cash and Cash Equivalents	6,826
Cash and Cash Equivalents, July 1	<u>25,457</u>
Cash and Cash Equivalents, June 30	<u>\$ 32,283</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (76,625)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	<u>11,444</u>
Net Cash Used for Operating Activities	<u>\$ (65,181)</u>

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

B. Basis of Presentation: (Cont'd)

Debt Service Fund (Not Applicable): The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 41,197,772	\$ 976,965
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		28,086
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	153,265	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(192,575)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 41,158,462</u>	<u>\$ 1,005,051</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,244,894	\$ 991,616
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		28,086
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,244,894	\$ 1,019,702
	Capital Projects Fund	
	Revenue	Fund Balance
Revenue and Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 464,813	\$ 409,169
Reconciliation to Governmental Funds Statement (GAAP):		
Grant Receivable not Recognized on GAAP Basis	(409,169)	(409,169)
Revenue and Fund Balance per Governmental Funds (GAAP)	\$ 55,644	\$ -0-

E. Cash and Cash Equivalents and Investments:

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers from governmental to business-type activities amounted to \$55,000 in 2021/2022.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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

I. Short-term Interfund Receivables/Payables:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	20 years
Building Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Lease Assets:

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

M. Long Term Liabilities:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

N. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2022.

O. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

P. Lease Payable:

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

Q. Unearned Revenue:

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

R. Fund Balance Appropriated:

General Fund: Of the \$10,992,561 General Fund balance at June 30, 2022, \$4,527,034 is restricted in the capital reserve account; \$1,500,711 is restricted in the maintenance reserve account; \$200,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$200,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; \$2,367,047 is assigned for encumbrances; \$652,779 is restricted for unemployment compensation and \$1,544,990 is unassigned which is \$192,575 less than the calculated maximum unassigned fund balance, on a budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: The Special Revenue Fund balance at June 30, 2022 of \$57,909 is restricted for student activities.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2022 is \$0-, which is \$409,169 less on a GAAP basis due to the SSB-VEEBER grant not being recognized on a GAAP basis until the grant funds are submitted for reimbursement.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated:(Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted on the prior page.

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

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$5,728,638 in governmental activities, which is primarily due to compensated absences payable, net pension liability, and deferred outflows and inflows of resources related to pensions. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources related to pensions at June 30, 2022.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board at a public meeting of that governing body. The Board must also utilize a formal motion or a resolution passed by a majority of the Members of the Board at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2022.

The assignment of resources is generally made by the Board of Education through a motion or a resolution passed by a majority of the Members of the Board. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board may allow an official of the District to assign resources through policies adopted by the Board. The District has assigned resources for encumbrances in the General Fund at June 30, 2022.

V. Operating Revenue and Expenses:

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

W. Revenue - Exchange and Nonexchange Transactions:

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

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

X. Management Estimates:

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

Y. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

Deposits:

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

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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

- (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 of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total	
		Capital Reserve	Maintenance Reserve	Unemployment Compensation		Student Activities
Checking	<u>\$ 4,061,725</u>	<u>\$ 4,527,034</u>	<u>\$ 1,500,711</u>	<u>\$ 652,779</u>	<u>\$ 57,909</u>	<u>\$ 10,800,158</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$10,800,158 and the bank balance was \$11,853,856.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 6,216,335
Interest Earnings	9,986
Transfer by Board Resolution June 21, 2022	380,365
Unexpended Balances Returned	845,473
Withdrawal by Budget	<u>(2,925,125)</u>
Ending Balance, June 30, 2022	<u>\$ 4,527,034</u>

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District had transfers to capital outlay for equipment which did not require county approval.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$700,000 was established by the District during the fiscal year ended June 30, 2014. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,500,711
Interest Earnings	3,946
Transfer by Board Resolution June 28, 2022	180,610
Returned Unexpended Balances	15,444
Withdrawal by Budget	<u>(200,000)</u>
Ending Balance, June 30, 2022	<u><u>\$ 1,500,711</u></u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 105,150			\$ 105,150
Construction in Progress		\$ 667,942		667,942
Total Capital Assets Not Being Depreciated	<u>105,150</u>	<u>667,942</u>		<u>773,092</u>
Capital Assets Being Depreciated:				
Site Improvements	322,035			322,035
Buildings and Building Improvements	28,978,390	1,348,900		30,327,290
Machinery and Equipment	3,399,940	241,260		3,641,200
Total Capital Assets Being Depreciated	<u>32,700,365</u>	<u>1,590,160</u>		<u>34,290,525</u>
Governmental Activities Capital Assets	<u>32,805,515</u>	<u>2,258,102</u>		<u>35,063,617</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Less Accumulated Depreciation for:				
Site Improvements		\$ (16,102)		\$ (16,102)
Buildings and Building Improvements	\$(16,124,384)	(763,461)		(16,887,845)
Machinery and Equipment	(2,038,351)	(177,272)		(2,215,623)
	(18,162,735)	(956,835)		(19,119,570)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 14,642,780	\$ 1,301,267	\$ -0-	\$ 15,944,047
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 176,237			\$ 176,237
Less Accumulated Depreciation	(48,091)	\$ (11,444)		(59,535)
	\$ 128,146	\$ (11,444)	\$ -0-	\$ 116,702

As of June 30, 2022, the District has \$667,942 in active construction projects for the HVAC replacement at Riverview.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 13,730
Media Services	60,902
Student and Instructional Support Services	28,153
General Administrative	170,188
School Administrative	37,680
Plant Operations and Maintenance	191,268
Pupil Transportation	454,914
	\$ 956,835

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 796,085	\$ 107,107		\$ 903,192
Total Lease Assets Being Amortized	<u>796,085</u>	<u>107,107</u>		<u>903,192</u>
Governmental Activities Lease Assets	<u>796,085</u>	<u>107,107</u>		<u>903,192</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(266,335)	(177,391)		(443,726)
	<u>(266,335)</u>	<u>(177,391)</u>		<u>(443,726)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 529,750</u>	<u>\$ (70,284)</u>	<u>\$ -0-</u>	<u>\$ 459,466</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 20,503
Administrative Information Technology	<u>156,888</u>
	<u>\$ 177,391</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Due within One Year
Compensated Absences Payable	\$ 231,510		\$ 7,496	\$ 224,014	
Net Pension Liability	8,290,630		2,238,418	6,052,212	
Leases Payable	534,388	\$ 107,107	137,009	504,486	\$ 171,762
Financed Purchases Payable	<u>1,262,785</u>		<u>116,489</u>	<u>1,146,296</u>	<u>88,608</u>
	<u>\$10,319,313</u>	<u>\$ 107,107</u>	<u>\$2,499,412</u>	<u>\$7,927,008</u>	<u>\$ 260,370</u>

A. Bonds Premiums:

As of June 30, 2022, the Board had no unamortized bond issuance premiums.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Payable:

As of June 30, 2022, the Board had no bonds payable.

C. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$224,014. There is no current portion of the compensated absences liability at June 30, 2022. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Food Service Fund.

E. Financed Purchases Payable:

The District entered into a financed purchases agreement in 2017 to fund the implementation of the District’s energy savings plan (“ESIP”) for \$1,189,428. As of June 30, 2022, \$749,132 has been liquidated. The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2022.

Fiscal Year Ending June 30,	Amount
2023	\$ 114,604
2024	117,619
2025	120,708
2026	123,871
2027	127,114
2028-2032	692,679
Total Minimum Financed Purchases Payments	1,296,595
Less: Amount Representing Interest	(150,299)
Present Value of Net Minimum Financed Purchases Payments	\$ 1,146,296

The current portion of the financed purchases payable at June, 2022 is \$88,608 and the long-term portion is \$1,057,688. The financed purchases payable will be liquidated by the General Fund.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

F. Leases Payable:

The District had leases outstanding as of June, 30, 2022 as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
E-Studio Copier	03/15/22	Monthly	06/15/27	2.500%	\$ 102,267
Savin Digital Copier	06/04/18	Monthly	08/04/23	6.800%	1,814
Savin Copier	07/15/20	Monthly	06/15/25	4.350%	43,832
Saint Mary's Building Rental	12/01/19	Monthly	07/01/24	0.250%	356,573
					<u>\$ 504,486</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 171,762	\$ 17,154
2024	254,876	31,596
2025	35,683	1,613
2026	20,889	831
2027	21,276	444
	<u>\$ 504,486</u>	<u>\$ 51,638</u>

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$6,052,212. See Note 9 for further information on the PERS.

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

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.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
1	Members 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

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 will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$598,656 for 2022.

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

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

At June 30, 2022, the District's liability was \$6,052,212 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0511%, which was an increase of 0.0002% from its proportion measured as of June 30, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

For the fiscal year ended June 30, 2022, the District recognized actual pension benefit in the amount of \$770,737. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57		
	2017	5.48		\$ (255,768)
	2018	5.63		(479,511)
	2019	5.21		(423,012)
	2020	5.16		(996,336)
	2021	5.13	\$ 31,520	
				<u>31,520</u>
Changes in Proportion	2016	5.57		
	2017	5.48		(39,027)
	2018	5.63	41,290	
	2019	5.21		(79,024)
	2020	5.16	333,907	
	2021	5.13	43,700	
				<u>418,897</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00		
	2018	5.00		(47,276)
	2019	5.00		15,254
	2020	5.00		343,790
	2021	5.00		(1,906,080)
				<u>(1,594,312)</u>
Difference Between Expected and Actual Experience	2016	5.57		
	2017	5.48	7,607	
	2018	5.63	32,335	(18,260)
	2019	5.21	55,509	
	2020	5.16		
	2021	5.13		(25,067)
			<u>95,451</u>	<u>(43,327)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	563,000	
			<u>\$ 1,108,868</u>	<u>\$ (3,910,317)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

\$563,000 is reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date and will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2023. Amounts reported as deferred outflows and inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (1,361,267)
2023	(923,184)
2024	(586,475)
2025	(495,105)
2026	1,582
	\$ (3,364,449)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 8,246,446	\$ 6,052,212	\$ 4,196,285

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$4,790,227 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,299,629.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$55,231,802. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.115%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>55,231,802</u>
Total	<u><u>\$ 55,231,802</u></u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,299,629 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements. The State reported collective deferred outflows and inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 65,348,463	\$ 55,231,802	\$ 46,734,457

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

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

For DCRP, the District recognized pension expense of \$52,078 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$70,439 for the fiscal year ended June 30, 2022.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2020, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	213,901
Total	364,328

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

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.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	based on service years	based on service years	based on service years
Thereafter	2.75 - 5.65%	3.00 - 7.00%	Not Applicable
	based on service years	based on service years	

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Health Care Trend Assumptions (Cont'd)

For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2020	\$ 78,532,635
Changes for Year:	
Service Cost	4,273,659
Interest on the Total OPEB Liability	1,802,082
Changes of Assumptions	68,536
Changes of Benefit Terms	(73,941)
Differences between Expected and Actual Experience	(13,761,175)
Gross Benefit Payments by the State	46,070
Contributions from Members	(1,419,536)
Net Changes	(9,064,305)
Balance at June 30, 2021	\$ 69,468,330

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2021 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 83,212,154	\$ 69,468,330	\$ 58,645,894

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2021, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 56,234,839	\$ 69,468,330	\$ 87,239,931

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$4,787,137 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2021, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 3,904,142
	2018	9.51		3,549,163
	2019	9.29	\$ 487,679	
	2020	9.24	11,235,624	
	2021	9.24	61,118	
			11,784,421	7,453,305
Differences Between Expected and Actual Experience	2018	9.51		3,355,063
	2019	9.29		5,740,009
	2020	9.24	10,472,043	
	2021	9.24		11,753,609
			10,472,043	20,848,681
Changes in Proportion	N/A	N/A	2,874,569	719,076
			\$ 25,131,033	\$ 29,021,062

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (1,368,702)
2023	(1,368,702)
2024	(1,368,702)
2025	(1,368,702)
2026	(973,129)
Thereafter	402,415
	\$ (6,045,522)

NOTE 12. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Insurance settlements did not exceed coverage limits in the past three years. Health and dental benefits are provided to District employees through the State Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2021-2022	\$ 150,000	\$ 102,017	\$ 68,883	\$ 652,779
2020-2021	-0-	97,673	71,453	469,645
2019-2020	175,000	70,197	47,832	443,425

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits

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

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”). This public entity risk management pool provided workers’ compensation and employer’s liability for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

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

Selected financial information as of June 30, 2022 is as follows:

Total Assets	\$ 419,556,712
Net Position	\$ 184,982,708
Total Revenue	\$ 134,563,842
Total Expenses	\$ 121,403,370
Change in Net Position	\$ 13,160,472
Net Assets Distribution to Participating Members	\$ -0-

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

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

NOTE 13. ECONOMIC DEPENDENCY

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14. INTERFUND BALANCES AND TRANSFERS

The following interfund balances existed as of June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 174,544	
Special Revenue Fund		\$ 110,651
Capital Projects Fund		48,519
Proprietary Fund		15,374
	\$ 174,544	\$ 174,544

The interfund receivable in the General Fund represents interfunds advanced to Special Revenue Fund, Capital Projects Fund and Food Service Fund. Transfers from governmental to business-type activities amounted to \$55,000 in 2021-2022.

NOTE 15. DEFERRED COMPENSATION

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

- Metropolitan Life Insurance Company
- Lincoln Investment Planning, Inc.
- The Equitable
- Prudential Investments - Disability Insurance

NOTE 16. TAX CALENDAR

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. COMMITMENTS AND CONTINGENCIES

Litigation:

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs:

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

Encumbrances:

The following encumbrance balances existed as of June 30, 2022:

	Governmental Funds			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Encumbrances	\$ 2,367,047	\$ 44,641	\$ 20,856	\$ 2,432,544

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$44,641 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$20,856 year-end encumbrances in the Capital Projects Fund are included in the \$-0- of unassigned fund balance.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	Governmental Funds		Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund			
Vendors	\$ 378,822	\$ 10,818	\$ 389,640		\$ 389,640
Payroll Deductions and Withholdings	6,327		6,327		6,327
State of New Jersey				\$ 563,000	563,000
	\$ 385,149	\$ 10,818	\$ 395,967	\$ 563,000	\$ 958,967

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 19. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to record an intangible right-to-use asset and lease liability as of June 30, 2021 as a result of the implementing GASB 87, *Leases*:

	Balance at June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance at June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Asset, Net	\$ -0-	\$ 529,750	\$ 529,750
Total Asset	26,879,104	529,750	27,408,854
Noncurrent Liabilities:			
Due Within One Year	116,489	137,009	253,498
Due Beyond One Year	9,668,436	397,379	10,065,815
Total Liabilities	10,496,803	534,388	11,031,191
Net Position:			
Net Investment in Capital Assets	13,379,995	(4,638)	13,375,357
Total Net Position	14,462,228	(4,638)	14,457,590

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0479233275%	0.0491152006%	0.0506516473%	0.0486080856%	0.0492404107%	0.0484179467%	0.0508397296%	0.0510886099%
District's proportionate share of the net pension liability	\$ 8,972,558	\$ 11,025,378	\$ 15,001,565	\$ 11,315,185	\$ 9,695,191	\$ 8,724,179	\$ 8,290,630	\$ 6,052,212
District's covered employee payroll	\$ 3,348,994	\$ 3,376,954	\$ 3,282,452	\$ 3,264,344	\$ 3,367,420	\$ 3,647,026	\$ 3,704,068	\$ 3,680,638
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.92%	326.49%	457.02%	346.63%	287.91%	239.21%	223.82%	164.43%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 395,073	\$ 422,259	\$ 449,982	\$ 463,331	\$ 494,591	\$ 473,578	\$ 556,162	\$ 598,656
Contributions in relation to the contractually required contribution	(395,073)	(422,259)	(449,982)	(463,331)	(494,591)	(473,578)	(556,162)	(598,656)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 3,376,954	\$ 3,282,452	\$ 3,264,344	\$ 3,367,420	\$ 3,647,026	\$ 3,704,068	\$ 3,680,638	\$ 3,769,126
Contributions as a percentage of covered employee payroll	11.70%	12.86%	13.78%	13.76%	13.56%	12.79%	15.11%	15.88%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT - TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.1119457853%	0.1135165468%	0.1129110845%	0.1106836927%	0.1141582583%	0.1163182506%	0.1150690162%	0.1148862936%
State's proportionate share of the net pension liability attributable to the District	\$ 59,831,379	\$ 71,747,305	\$ 88,823,048	\$ 74,626,937	\$ 72,625,032	\$ 71,385,608	\$ 75,771,563	\$ 55,231,802
District's covered employee payroll	\$ 11,200,315	\$ 11,244,788	\$ 11,453,910	\$ 12,118,439	\$ 12,199,498	\$ 12,512,883	\$ 13,032,560	\$ 13,109,257
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	534.19%	638.05%	775.48%	615.81%	595.31%	570.50%	581.40%	421.32%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,219,490	\$ 4,380,819	\$ 6,673,816	\$ 5,169,776	\$ 4,233,785	\$ 4,210,514	\$ 4,711,798	\$ 1,299,629
Contributions in relation to the contractually required contribution	(613,712)	(904,010)	(1,201,443)	(1,681,149)	(2,287,698)	(2,523,904)	(3,339,606)	(1,134,981)
Contribution deficiency/(excess)	<u>\$ 2,605,778</u>	<u>\$ 3,476,809</u>	<u>\$ 5,472,373</u>	<u>\$ 3,488,627</u>	<u>\$ 1,946,087</u>	<u>\$ 1,686,610</u>	<u>\$ 1,372,192</u>	<u>\$ 164,648</u>
District's covered employee payroll	\$ 11,244,788	\$ 11,453,910	\$ 12,118,439	\$ 12,199,498	\$ 12,512,883	\$ 13,032,560	\$ 13,109,257	\$ 13,795,885
Contributions as a percentage of covered employee payroll	28.63%	38.25%	55.07%	42.38%	33.84%	32.31%	35.94%	9.42%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 3,045,740	\$ 2,529,390	\$ 2,227,663	\$ 2,395,122	\$ 4,273,659
Interest Cost	1,894,309	2,198,770	2,033,949	1,722,981	1,802,082
Changes in Assumptions	(8,150,799)	(5,855,919)	708,081	14,345,214	68,536
Changes of Benefit Terms					(73,941)
Differences between Expected and Actual Experience		(6,066,802)	(7,094,757)	13,904,971	(13,761,175)
Member Contributions	50,782	47,160	43,214	41,439	46,070
Gross Benefit Payments	(1,379,111)	(1,364,517)	(1,457,805)	(1,367,189)	(1,419,536)
Net Change in Total OPEB Libability	(4,539,079)	(8,511,918)	(3,539,655)	31,042,538	(9,064,305)
Total OPEB Liability - Beginning	64,080,749	59,541,670	51,029,752	47,490,097	78,532,635
Total OPEB Liability - Ending	<u>\$ 59,541,670</u>	<u>\$ 51,029,752</u>	<u>\$ 47,490,097</u>	<u>\$ 78,532,635</u>	<u>\$ 69,468,330</u>
District's Covered Employee Payroll *	\$ 14,736,362	\$ 15,382,783	\$ 15,566,918	\$ 16,159,909	\$ 16,736,628
Total OPEB Liability as a Percentage of Covered Employee Payroll	404%	332%	305%	486%	415%

* - Covered payroll for the fiscal years ending June 30, 2017 through 2021 are based on the payroll on the June 30, 2016 through 2020 census data.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2021 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 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 assumed post-65 medical trend rate is 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. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 32,489,754		\$ 32,489,754	\$ 32,489,754	\$ 39,702
Tuition From Individuals	45,000		45,000	51,318	6,318
Tuition From Other LEAs Within the State	1,500		1,500	109,628	108,128
Unrestricted Miscellaneous Revenues	100		100	3,946	3,846
Interest Earned on Maintenance Reserve	100		100	9,986	9,886
Interest Earned on Capital Reserve Funds				33,134	33,134
Other Restricted Miscellaneous Revenues				32,737,468	201,014
Total Revenues from Local Sources	32,536,454		32,536,454		
Revenues from State Sources:					
Categorical Transportation Aid	295,264		295,264	295,264	
Extraordinary Aid	154,000		154,000	428,963	274,963
Categorical Special Education Aid	1,619,650		1,619,650	1,619,650	
Categorical Security Aid	48,547		48,547	48,547	
Nonpublic School Transportation Costs				15,080	15,080
Securing Our Children's Future Bond Act (Alyssa's Law)				86,023	86,023
TPAF Post Retirement Contributions (Non-Budgeted)				1,134,981	1,134,981
TPAF Pension Contributions (Non-Budgeted)				4,790,227	4,790,227
TPAF Non-Contributory Insurance (Non-Budgeted)				67,583	67,583
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,077	2,077
Reimbursed TPAF Social Security Contributions				954,864	954,864
Total Revenues from State Sources	2,117,461		2,117,461	9,443,259	7,325,798
Revenues from Federal Sources:					
Medicaid Reimbursement	19,817		19,817	17,045	(2,772)
Total Revenues from Federal Sources	19,817		19,817	17,045	(2,772)
TOTAL REVENUE	34,673,732		34,673,732	42,197,772	7,524,040

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 556,430	\$ 8,400	\$ 564,830	\$ 554,090	\$ 10,740
Grades 1-5 - Salaries of Teachers	5,252,589	63,332	5,315,921	5,303,008	12,913
Grades 6-8 - Salaries of Teachers	3,074,316	52,399	3,126,715	3,079,483	47,232
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	4,675	14,675	14,632	43
Purchased Professional-Educational Services	5,800	(2,000)	3,800	3,800	
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	7,000	(4,656)	2,344	2,343	1
Purchased Technical Services	718,862	(7,412)	711,450	527,361	184,089
Other Purchased Services (400-500 series)	14,540	(2,000)	12,540	11,980	560
General Supplies	546,364	307,719	854,083	541,356	312,727
Textbooks	73,849	257,900	331,749	88,024	243,725
Total Regular Programs - Instruction	10,259,750	678,357	10,938,107	10,126,077	812,030
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	690,033	(133,615)	556,418	508,747	47,671
Other Salaries for Instruction	394,200	(92,529)	301,671	227,948	73,723
General Supplies	20,055	(1,600)	18,455	17,354	1,101
Total Learning and/or Language Disabilities	1,104,288	(227,744)	876,544	754,049	122,495
Resource Room/Resource Center:					
Salaries of Teachers	1,838,756	147,251	1,986,007	1,981,201	4,806
Other Salaries for Instruction	865,802	75,102	940,904	935,392	5,512
General Supplies	21,210	(640)	20,570	20,568	2
Total Resource Room/Resource Center	2,725,768	221,713	2,947,481	2,937,161	10,320

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 277,895	\$ 400	\$ 278,295	\$ 278,169	\$ 126
Other Salaries for Instruction	119,644	74,000	193,644	192,114	1,530
General Supplies	8,548		8,548	8,538	10
Total Preschool Disabilities - Part-Time	406,087	74,400	480,487	478,821	1,666
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,236,143	68,369	4,304,512	4,170,031	134,481
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	279,460	127,141	406,601	399,996	6,605
General Supplies	4,620	(3,600)	1,020	930	90
Total Basic Skills/Remedial - Instruction	284,080	123,541	407,621	400,926	6,695
Bilingual Education - Instruction:					
Salaries of Teachers	71,440		71,440	66,440	5,000
Total Bilingual Education - Instruction	71,440		71,440	66,440	5,000
School-Spon. Ccurrucular & Extracurricular Actvts. - Inst.:					
Salaries	111,044	67,142	178,186	178,186	
Purchased Services (300-500 series)	24,341	(7,525)	16,816	16,816	
Supplies and Materials	3,950	(3,850)	100	100	
Total School-Spon. Ccurrucular & Extracurricular Actvts. - Inst.	139,335	55,767	195,102	195,102	
School-Sponsored Athletics - Instruction:					
Salaries	60,902		60,902	41,246	19,656
Purchased Services (300-500 series)	8,000	(3,000)	5,000	3,443	1,557
Total School-Sponsored Athletics - Instruction	68,902	(3,000)	65,902	44,689	21,213
TOTAL INSTRUCTION	15,059,650	923,034	15,982,684	15,003,265	979,419

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	\$ 212,096	\$ (90,334)	\$ 121,762	\$ 121,707	\$ 55
Tuition to CSSD & Reg. Day Schools	148,993	(84,726)	64,267	61,439	2,828
Tuition to Priv. Sch. for the Handicap. W/I State	460,136	(172,000)	288,136	287,974	162
Total Undistributed Expenditures - Instruction	821,225	(347,060)	474,165	471,120	3,045
Undistributed Expenditures - Health Services:					
Salaries	348,863	3,722	352,585	352,460	125
Purchased Professional and Technical Services	6,000	(6,000)			
Supplies and Materials	18,702	(10,435)	8,267	8,252	15
Total Undist. Expenditures - Health Services	373,565	(12,713)	360,852	360,712	140
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	327,435	(80,096)	247,339	246,096	1,243
Purchased Professional - Educational Services	363,740	87,349	451,089	451,089	
Supplies and Materials	5,097	(500)	4,597	3,586	1,011
Total Undist. Expend. - Speech, OT, PT, Related Svcs	696,272	6,753	703,025	700,771	2,254
Undist. Expend.-Other Supp. Serv. Students-Extra. Serv.:					
Salaries	584,052	(162,206)	421,846	401,341	20,505
Purchased Professional - Educational Services	89,565	(51,000)	38,565	35,867	2,698
Supplies and Materials	18,648	(3,402)	15,246	13,474	1,772
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	692,265	(216,608)	475,657	450,682	24,975
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	381,238	6,950	388,188	383,150	5,038
Supplies and Materials	8,500	(3,207)	5,293	4,094	1,199
Total Undist Expend. - Guidance	389,738	3,743	393,481	387,244	6,237

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 1,145,334	\$ 7,443	\$ 1,152,777	\$ 1,142,313	\$ 10,464
Salaries of Secretarial and Clerical Assistants	104,700	(6,700)	98,000	97,916	84
Purchased Professional - Educational Services	58,305	(4,000)	54,305	49,543	4,762
Other Purchased Services (400-500 series)	2,000	(1,500)	500	64	436
Supplies and Materials	11,462	2,000	13,462	13,115	347
Other Objects	20,117	(3,000)	17,117	16,865	252
Total Undist Expend. - Child Study Team	1,341,918	(5,757)	1,336,161	1,319,816	16,345
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	75,541	(51,450)	24,091	9,808	14,283
Salaries of Other Professional Staff	16,000		16,000	10,695	5,305
Purchased Professional - Educational Services	4,250	(3,000)	1,250		1,250
Other Purchased Services (400-500 series)	1,000	(1,000)			
Supplies and Materials	500		500	137	363
Total Undist. Expend.-Improv. of Inst. Serv.	97,291	(55,450)	41,841	20,640	21,201
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	227,705	(4,900)	222,805	221,798	1,007
Salaries of Technology Coordinators	106,454		106,454	105,937	517
Other Purchased Services (400-500 series)	151,653	(80,440)	71,213	70,060	1,153
Supplies and Materials	31,773	(1,912)	29,861	26,521	3,340
Total Undist Expend.-Edu. Media Serv./Sch. Library	517,585	(87,252)	430,333	424,316	6,017
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	228,487	(28,130)	200,357	193,423	6,934
Other Salaries	13,566	6,418	19,984	19,984	
Purchased Professional - Educational Service	54,100	(14,800)	39,300	34,989	4,311
Other Purchased Services (400-500 series)	38,221	(13,500)	24,721	24,224	497
Total Undist.Expend.-Instructional Staff Training Services	334,374	(50,012)	284,362	272,620	11,742

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 441,709	\$ 28,286	\$ 469,995	\$ 469,324	\$ 671
Legal Services	131,779	(44,000)	87,779	26,507	61,272
Audit Fees	64,150		64,150	32,410	31,740
Architectural/Engineering Services	5,000	52,650	57,650	24,955	32,695
Other Purchased Professional Services	128,727	(29,880)	98,847	93,938	4,909
Communications / Telephone	59,744	(7,000)	52,744	50,430	2,314
BOE Other Purchased Services	3,400	1,940	5,340	3,000	2,340
Other Purch. Serv. (400-500 series other than 530 & 585)	4,200		4,200	2,479	1,721
General Supplies	3,500		3,500	3,168	332
Miscellaneous Expenditures	28,677	(8,210)	20,467	16,576	3,891
Total Undist. Expend.-Support Serv.-Gen. Admin.	870,886	(6,214)	864,672	722,787	141,885
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	804,163	(66,700)	737,463	722,319	15,144
Salaries of Secretarial and Clerical Assistants	432,106	375	432,481	425,915	6,566
Other Purchased Services (400-500 series)	3,000	(1,000)	2,000	500	1,500
Supplies and Materials	10,394	(4,120)	6,274	4,400	1,874
Other Objects	13,826	1,650	15,476	9,631	5,845
Total Undist. Expend.-Support Serv.-School Adm.	1,263,489	(69,795)	1,193,694	1,162,765	30,929
Undist. Expend. - Central Services:					
Salaries	351,659	18,583	370,242	365,355	4,887
Miscellaneous Purchased Services (400-500 series other than 594)	1,000		1,000	948	52
Supplies and Materials	4,200	1,579	5,779	5,165	614
Other Objects	2,330	2,550	4,880	2,941	1,939
Total Undist. Expend. - Central Services	359,189	22,712	381,901	374,409	7,492

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 235,920	\$ (9,445)	\$ 226,475	\$ 216,175	\$ 10,300
Other Purchased Services (400-500 series)	18,050	(9,950)	8,100	6,072	2,028
Supplies and Materials	1,500	(600)	900	877	23
Total Undist. Expend. - Admin. Info. Technology	<u>255,470</u>	<u>(19,995)</u>	<u>235,475</u>	<u>223,124</u>	<u>12,351</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	231,536	(8,000)	223,536	181,176	42,360
Cleaning, Repair, and Maintenance Services	347,712	708,801	1,056,513	520,188	536,325
General Supplies	79,591	(47,500)	32,091	28,990	3,101
Other Objects	30,200	(12,500)	17,700	17,311	389
Total Undist. Expend.- Required Maint. for School Facilities	<u>689,039</u>	<u>640,801</u>	<u>1,329,840</u>	<u>747,665</u>	<u>582,175</u>
Undist. Expend.-Custodial Services:					
Salaries	932,579	15,931	948,510	905,559	42,951
Salaries of Non-Instructional Aides	156,261	50,680	206,941	204,201	2,740
Purchased Professional and Technical Services	43,500	20,550	64,050	64,050	
Cleaning, Repair, and Maintenance Services	45,876	(10,000)	35,876	26,474	9,402
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.		150,000	150,000	125,000	25,000
Other Purchased Property Services	26,500	(9,500)	17,000	14,445	2,555
Insurance	175,000	13,895	188,895	188,895	
Miscellaneous Purchased Services	32,650	5,882	38,532	37,624	908
General Supplies	122,894	27,000	149,894	149,607	287
Energy (Natural Gas)	240,869	70,500	311,369	224,422	86,947
Energy (Electricity)	352,587	(40,500)	312,087	282,884	29,203
Total Undist. Expend.-Custodial Services	<u>2,128,716</u>	<u>294,438</u>	<u>2,423,154</u>	<u>2,223,161</u>	<u>199,993</u>

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 106,857	\$ 37,000	\$ 143,857	\$ 130,582	\$ 13,275
General Supplies	34,246	27,305	61,551	57,477	4,074
Total Care And Upkeep Of Grounds	141,103	64,305	205,408	188,059	17,349
Security:					
Salaries	218,884	(1,500)	217,384	176,892	40,492
Purchased Professional and Technical Services	36,675	1,134	37,809	29,609	8,200
General Supplies	26,835	(634)	26,201	25,335	866
Total Security	282,394	(1,000)	281,394	231,836	49,558
Total Undist. Expend.- Operations And Maint. of Plant Services	3,241,252	998,544	4,239,796	3,390,721	849,075
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	1,054,082	4,903	1,058,985	917,273	141,712
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	196,000	(62,294)	133,706	119,875	13,831
Cleaning, Repair, and Maint. Services	26,946	(13,412)	13,534	11,765	1,769
Lease Purchase Payments - School Buses	352,568	(129,695)	222,873		222,873
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	120,467	(46,749)	73,718	51,201	22,517
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	429,093	119,000	548,093	499,979	48,114
Misc. Purchased Serv. - Transportation	37,700	(1,500)	36,200	32,447	3,753
General Supplies	204,655	11,815	216,470	202,406	14,064
Other Objects	68,530	92,197	160,727	77,861	82,866
Total Undist. Expend.-Student Trans. Serv.	2,490,041	(25,735)	2,464,306	1,912,807	551,499

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 641,347	\$ (26,300)	\$ 615,047	\$ 598,263	\$ 16,784
Other Retirement Contributions - PERS	575,000	23,657	598,657	598,656	1
Other Retirement Contributions - Regular	46,084	8,600	54,684	52,078	2,606
Unemployment Compensation	205,000	(54,983)	150,017	5	150,012
Workers Compensation	171,000	12,631	183,631	183,092	539
Health Benefits	6,473,325	(1,500,198)	4,973,127	4,941,419	31,708
Tuition Reimbursement	55,000	2,275	57,275	57,275	
Other Employee Benefits	74,962		74,962	14,752	60,210
TOTAL UNALLOCATED BENEFITS	8,241,718	(1,534,318)	6,707,400	6,445,540	261,860
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,134,981	(1,134,981)
TPAF Pension Contributions (Non-Budgeted)				4,790,227	(4,790,227)
TPAF Non-Contributory Insurance (Non-Budgeted)				67,583	(67,583)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,077	(2,077)
Reimbursed TPAF Social Security Contributions				954,864	(954,864)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,949,732	(6,949,732)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,241,718	(1,534,318)	6,707,400	13,395,272	(6,687,872)
TOTAL UNDISTRIBUTED EXPENDITURES	21,986,278	(1,399,157)	20,587,121	25,589,806	(5,002,685)
TOTAL GENERAL CURRENT EXPENSE	37,045,928	(476,123)	36,569,805	40,593,071	(4,023,266)

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - School Admin.	\$ 20,000		\$ 20,000		\$ 20,000
Undist. Expend. - Required Maint for School Fac.	55,125		55,125	55,125	
School Buses - Regular		\$ 425,682	425,682	425,682	
Total Equipment	<u>75,125</u>	<u>425,682</u>	<u>500,807</u>	<u>480,807</u>	<u>20,000</u>
Facilities Acquisition and Construction Serv.:					
Other Purchased Prof. and Tech. Services	53,750		53,750	33,800	19,950
Construction Services	2,850,000		2,850,000	1,961,198	888,802
Assessment for Debt Service on SDA Funding	4,704		4,704	4,704	
Total Facilities Acquisition and Const. Serv.	<u>2,908,454</u>		<u>2,908,454</u>	<u>1,999,702</u>	<u>908,752</u>
Assets Acquired Under Leases (Non-Budgeted):					
Non-Instructional Equipment				107,107	(107,107)
Total Assets Acquired Under Leases (Non-Budgeted)				<u>107,107</u>	<u>(107,107)</u>
TOTAL CAPITAL OUTLAY	<u>2,983,579</u>	<u>425,682</u>	<u>3,409,261</u>	<u>2,587,616</u>	<u>821,645</u>
Transfer of Funds to Charter Schools	28,766	35,441	64,207	64,207	
TOTAL EXPENDITURES	<u>40,058,273</u>	<u>(15,000)</u>	<u>40,043,273</u>	<u>43,244,894</u>	<u>(3,201,621)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(5,384,541)</u>	<u>15,000</u>	<u>(5,369,541)</u>	<u>(1,047,122)</u>	<u>10,725,661</u>

DENVILLE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Leases (Non-budgeted)					
Transfers to Cover Deficit (Enterprise Fund)	\$ (40,000)	\$ (15,000)	\$ (55,000)	\$ 107,107	\$ (107,107)
Total Other Financing Sources/(Uses)	(40,000)	(15,000)	(55,000)	52,107	(107,107)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(5,424,541)		(5,424,541)	(995,015)	10,618,554
Fund Balance, July 1	12,180,151		12,180,151	12,180,151	
Fund Balance, June 30	\$ 6,755,610	\$ -0-	\$ 6,755,610	\$ 11,185,136	\$ 10,618,554
Recapitulation:					
Restricted Fund Balance:				\$ 200,000	
Excess Surplus - Restricted For 2023-2024				200,000	
Excess Surplus - Restricted For 2022-2023				4,527,034	
Capital Reserve				1,500,711	
Maintenance Reserve				652,779	
Unemployment Compensation				2,367,047	
Assigned Fund Balance:				1,737,565	
Year End Encumbrances				11,185,136	
Unassigned Fund Balance				(192,575)	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				\$ 10,992,561	
Fund Balance per Governmental Funds (GAAP)				\$ 10,992,561	

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 336,388	\$ 979,595	\$ 1,315,983	\$ 857,712	\$ (458,271)
State Sources		36,831	36,831	36,831	
Local Sources	7,182	91,091	98,273	82,422	(15,851)
Total Revenues	343,570	1,107,517	1,451,087	976,965	(474,122)
EXPENDITURES:					
Instruction					
Salaries of Teachers		202,574	202,574	150,558	52,016
Purchased Professional - Educational Services	33,351	4,378	37,729	27,392	10,337
Tuition	285,949	174,069	460,018	460,018	
Other Purchased Services		5,116	5,116	5,116	
General Supplies		183,695	183,695	49,948	133,747
Total Instruction	319,300	569,832	889,132	693,032	196,100
Support Services					
Personal Services - Employee Benefits		93,460	93,460		93,460
Purchased Professional - Educational Services	17,088	233,827	250,915	151,848	99,067
Other Purchased Services		47,112	47,112	1,899	45,213
Supplies and Materials		41,364	41,364	15,733	25,631
Student Activities	7,182	85,091	92,273	92,273	
Total Support Services	24,270	500,854	525,124	261,753	263,371
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		36,831	36,831	36,831	
Total Facilities Acquisition and Construction Services		36,831	36,831	36,831	
Total Expenditures	343,570	1,107,517	1,451,087	991,616	459,471
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (14,651)</u>	<u>\$ (14,651)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,197,772	\$ 976,965
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not:		
Current Year Encumbrances		(44,641)
Prior Year Encumbrances		72,727
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	153,265	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(192,575)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 42,158,462</u>	<u>\$ 1,005,051</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,244,894	\$ 991,616
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		<u>28,086</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,244,894</u>	<u>\$ 1,019,702</u>

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Every Student Succeeds Act				
	Title II, Part A		Title IV	ARP - IDEA Part B	
	Title I	Part A	Title IV	Basic	Preschool
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 36,109	\$ 17,627	\$ 480	\$ 69,436	\$ 5,928
Total Revenue	36,109	17,627	480	69,436	5,928
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional Educational Services	27,392			69,436	5,928
Tuition					
Other Purchased Services			480		
General Supplies	5,857				
Total Instruction	33,249		480	69,436	5,928
Support Services:					
Purchased Professional Educational Services	995	10,200			
Other Purchased Professional Services		1,899			
Supplies and Materials	1,865	5,528			
Student Activities					
Total Support Services	2,860	17,627			
Facilities Acquisition:					
Non-Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	\$ 36,109	\$ 17,627	\$ 480	\$ 69,436	\$ 5,928

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Student Activities	IDEA Part B		SDA Emergency & Capital Needs
		Basic	Preschool	
REVENUE:				
Local Sources	\$ 77,622			
State Sources		\$ 362,622	\$ 22,032	\$ 36,831
Federal Sources				
Total Revenue	77,622	362,622	22,032	36,831
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional Educational Services		362,622	22,032	
Tuition				
Other Purchased Services				
General Supplies				
Total Instruction		362,622	22,032	
Support Services:				
Purchased Professional Educational Services				
Other Purchased Professional Services				
Supplies and Materials				
Student Activities	92,273			
Total Support Services	92,273			
Facilities Acquisition:				
Non-Instructional Equipment				36,831
Total Facilities Acquisition				36,831
Total Expenditures	\$ 92,273	\$ 362,622	\$ 22,032	\$ 36,831

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Education Stabilization Aid - ARP			
	Accelerating Learning Coaching and Support	Summer Learning and Enrichment Activities	Beyond the School Day Activities	Mental Health
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 154,918	\$ 53,524	\$ 7,121	\$ 2,395
Total Revenue	154,918	53,524	7,121	2,395
EXPENDITURES:				
Instruction:				
Salaries of Teachers			27,200	
Purchased Professional Educational Services				
Tuition	123,358			
Other Purchased Services			5,116	
General Supplies	31,560		2,005	
Total Instruction	154,918		7,121	27,200
Support Services:				
Purchased Professional Educational Services		45,184		2,395
Other Purchased Professional Services				
Supplies and Materials		8,340		
Student Activities				
Total Support Services		53,524		2,395
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 154,918	\$ 53,524	\$ 7,121	\$ 2,395

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Education Stabilization Aid - CRRSA				
	ESSER II	Learning Acceleration	Mental Health	Local Grants	Totals
REVENUE:					
Local Sources				\$ 4,800	\$ 82,422
State Sources	\$ 67,298	\$ 7,404	\$ 23,618		36,831
Federal Sources					857,712
Total Revenue	<u>67,298</u>	<u>7,404</u>	<u>23,618</u>	<u>4,800</u>	<u>976,965</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					150,558
Purchased Professional Educational Services					27,392
Tuition					460,018
Other Purchased Services					5,116
General Supplies	4,092	1,154		4,800	49,948
Total Instruction	<u>4,092</u>	<u>1,154</u>		<u>4,800</u>	<u>693,032</u>
Support Services:					
Purchased Professional Educational Services					151,848
Other Purchased Professional Services	63,206	6,250	23,618		1,899
Supplies and Materials					15,733
Student Activities					92,273
Total Support Services	<u>63,206</u>	<u>6,250</u>	<u>23,618.00</u>		<u>261,753</u>
Facilities Acquisition:					
Non-Instructional Equipment					36,831
Total Facilities Acquisition					<u>36,831</u>
Total Expenditures	<u>\$ 67,298</u>	<u>\$ 7,404</u>	<u>\$ 23,618</u>	<u>\$ 4,800</u>	<u>\$ 991,616</u>

CAPITAL PROJECTS FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
State Sources - SSB-VEEVR Grant	\$ 464,813
Total Revenue and Other Financing Sources	<u>464,813</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	<u>55,644</u>
Total Expenditures and Other Financing Uses	<u>55,644</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under)	
Expenditures and Other Financing Uses	409,169
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u>\$ 409,169</u>
<u>Recapitulation:</u>	
Committed	\$ 388,313
Committed - Year-End Encumbrances	<u>20,856</u>
	409,169
Reconciliation to Governmental Funds Statement (GAAP):	
Grants not Recognized on GAAP Basis	<u>(409,169)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ -0-</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HVAC AT VALLEYVIEW MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SSB-VEEVR Grant		\$ 464,813	\$ 464,813	\$ 464,813
Total Revenue and Other Financing Sources		464,813	464,813	464,813
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		55,644	55,644	76,500
Construction Services				388,313
Total Expenditures and Other Financing Uses		55,644	55,644	464,813
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 409,169	\$ 409,169	\$ -0-

Additional Project Information:

Project Number	SSB-VEEVR #67639
Grant Date	5/1/2022
Original Authorized Cost	\$ 464,813
Change Orders	\$ -0-
Revised Authorized Cost	\$ 464,813
Change Order Percentage	0.00%
Percentage Completion	11.97%
Original Target Completion Date	2/11/2023

PROPRIETARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 32,283
---------------------------	-----------

Accounts Receivable:

Federal	1,083
---------	-------

Total Current Assets	<u>33,366</u>
----------------------	---------------

Non-Current Assets:

Capital Assets	176,237
----------------	---------

Less: Accumulated Depreciation	<u>(59,535)</u>
--------------------------------	-----------------

Total Non-Current Assets	<u>116,702</u>
--------------------------	----------------

Total Assets	<u>150,068</u>
--------------	----------------

LIABILITIES:

Current Liabilities:

Interfund Payable - General Fund	<u>15,374</u>
----------------------------------	---------------

Total Current Liabilities	<u>15,374</u>
---------------------------	---------------

Total Liabilities	<u>15,374</u>
-------------------	---------------

NET POSITION:

Investment in Capital Assets	116,702
------------------------------	---------

Unrestricted	<u>17,992</u>
--------------	---------------

Total Net Position	<u><u>\$ 134,694</u></u>
--------------------	--------------------------

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 44,403
Total Operating Revenue	<u>44,403</u>
Operating Expenses:	
Cost of Sales - Reimbursable Program	107,527
Depreciation	11,444
Miscellaneous Expenses	<u>2,057</u>
Total Operating Expenses	<u>121,028</u>
Operating Loss	<u>(76,625)</u>
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	14,354
Local Sources:	
Interest Revenue	183
Donation from Denville Township	<u>5,000</u>
Total Non-Operating Revenue	<u>19,537</u>
Change in Net Position Before Transfer	(57,088)
Transfer - General Fund	<u>55,000</u>
Change in Net Position After Transfer	(2,088)
Net Position - Beginning of Year	<u>136,782</u>
Net Position - End of Year	<u><u>\$ 134,694</u></u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 44,403
Payments to Suppliers	<u>(109,584)</u>
Net Cash Used for Operating Activities	<u>(65,181)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>183</u>
Net Cash Provided by Investing Activities	<u>183</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	13,353
Local Sources - Donation from Denville Township	5,000
Interfund Advanced - General Fund	(1,529)
Transfer - General Fund	<u>55,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>71,824</u>
Net Increase in Cash and Cash Equivalents	6,826
Cash and Cash Equivalents, July 1	<u>25,457</u>
Cash and Cash Equivalents, June 30	<u>\$ 32,283</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (76,625)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	<u>11,444</u>
Net Cash Used for Operating Activities	<u>\$ (65,181)</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2022</u>
Energy Conservation Measures	2.31%	\$ 1,895,428	<u>\$ 1,262,785</u>	<u>\$ 116,489</u>	<u>\$ 1,146,296</u>
			<u>\$ 1,262,785</u>	<u>\$ 116,489</u>	<u>\$ 1,146,296</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	(Restated) Balance July 1, 2021	Issued	Matured	Balance June 30, 2022
E-Studio Copier	2.50%	\$ 107,107		\$ 107,107	\$ 4,840	\$ 102,267
Savin Digital Copier	6.80%	6,880	\$ 3,261		1,447	1,814
Savin Copier	4.35%	70,136	57,260		13,428	43,832
Saint Mary's Building Rental	0.25%	719,069	473,867		117,294	356,573
			<u>\$ 534,388</u>	<u>\$ 107,107</u>	<u>\$ 137,009</u>	<u>\$ 504,486</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,819,214	\$ 13,998,457	\$ 14,776,654	\$ 10,703,350	\$ 12,286,161	\$ 12,945,891	\$ 13,641,132	\$ 13,335,249	\$ 13,375,357	\$ 14,752,731
Restricted	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965	5,185,436	7,919,891	8,659,251	7,138,433
Unrestricted/(Deficit)	(284,731)	(8,645,202)	(8,716,080)	(6,757,468)	(9,552,690)	(8,258,689)	(9,046,148)	(9,485,812)	(7,577,018)	(5,728,638)
Total Governmental Activities Net Position	\$ 13,694,137	\$ 7,136,870	\$ 8,773,348	\$ 7,591,878	\$ 7,366,804	\$ 8,541,167	\$ 9,780,420	\$ 11,769,328	\$ 14,457,590	\$ 16,162,526
Business-Type Activities										
Investment in Capital Assets	\$ 12,022	\$ 10,827	\$ 8,159	\$ 60,064	\$ 52,898	\$ 48,855	\$ 145,821	\$ 134,591	\$ 128,146	\$ 116,702
Unrestricted	6,356	7,961	6,125	1,705	7,780	9,895	12,635	1,736	8,636	17,992
Total Business-Type Activities Net Position	\$ 18,378	\$ 18,788	\$ 14,284	\$ 61,769	\$ 60,678	\$ 58,750	\$ 158,456	\$ 136,327	\$ 136,782	\$ 134,694
District-Wide:										
Net Investment in Capital Assets	\$ 11,831,236	\$ 14,009,284	\$ 14,784,813	\$ 10,763,414	\$ 12,339,059	\$ 12,994,746	\$ 13,786,953	\$ 13,469,840	\$ 13,503,503	\$ 14,869,433
Restricted	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965	5,185,436	7,919,891	8,659,251	7,138,433
Unrestricted/(Deficit)	(278,375)	(8,637,241)	(8,709,955)	(6,755,763)	(9,544,910)	(8,248,794)	(9,033,513)	(9,484,076)	(7,568,382)	(5,710,646)
Total District Net Position	\$ 13,712,515	\$ 7,155,658	\$ 8,787,632	\$ 7,653,647	\$ 7,427,482	\$ 8,599,917	\$ 9,938,876	\$ 11,905,655	\$ 14,594,372	\$ 16,297,220

* Restated

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,913,180	\$ 12,213,187	\$ 14,515,136	\$ 15,496,872	\$ 18,115,297	\$ 18,492,272	\$ 18,796,075	\$ 16,032,026	\$ 16,729,932	\$ 19,344,407
Special Education	4,171,127	4,165,578	5,050,466	5,251,149	6,415,138	7,304,815	7,124,219	6,870,793	7,133,082	8,688,075
Other Special Instruction	198,698	518,460	609,585	621,163	691,902	858,522	691,427	576,033	758,597	926,545
Other Instruction	388,978	186,148	247,618	261,729	367,574	334,386	380,798	305,885	130,673	325,021
Support Services:										
Tuition	589,171	576,643	681,191	753,046	713,191	819,361	783,168	380,013	460,543	471,120
Student & Instruction Related Services	4,200,581	3,979,099	3,762,142	3,765,102	4,110,774	3,965,621	4,870,066	4,765,790	4,672,319	5,301,041
General Administrative Services	544,216	587,345	804,991	966,576	837,242	905,336	847,596	1,023,060	984,119	1,075,265
School Administrative Services	1,421,966	1,419,211	1,647,044	1,864,563	2,119,772	2,251,688	2,343,562	2,069,539	2,090,192	2,066,954
Central Services	414,829	377,014	430,332	450,713	477,381	456,972	505,775	477,332	483,968	510,578
Administrative Information Technology	245,035	284,024	401,695	458,409	417,008	445,885	361,490	377,018	375,088	368,565
Plant Operations And Maintenance	1,937,597	2,118,264	2,146,437	2,424,721	2,754,553	2,619,201	2,815,321	3,384,301	3,337,019	4,034,209
Pupil Transportation	2,121,798	2,194,261	2,299,967	2,412,540	2,673,210	2,557,365	2,851,468	2,582,921	2,237,351	2,697,931
Capital Outlay	1,014,870	125,361	458,195	560,502	409,050	237,103	43,027	4,704	251,242	469,505
Transfer to Charter School	104,099	104,689	146,064	124,953	85,768	77,596	150,082	40,268	24,451	64,207
Interest On Long-Term Debt	120,566	91,935	73,026	53,301	33,701	14,176				
Total Governmental Activities Expenses	29,386,711	28,941,219	33,273,889	35,465,339	40,221,561	41,340,299	42,564,073	38,889,682	39,668,576	46,343,423
Business-type activities:										
Food Service	33,280	30,936	44,233	57,089	35,869	71,580	67,998	66,226	38,074	121,028
Total Business-Type Activities Expense	33,280	30,936	44,233	57,089	35,869	71,580	67,998	66,226	38,074	121,028
Total District Expenses	29,419,991	28,972,155	33,318,122	35,522,428	40,257,430	41,411,879	42,632,071	38,955,908	39,706,650	46,464,451
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Regular Instruction	120,205	123,486	237,466	169,181	118,287	239,715	138,481	121,684	27,970	91,020
Student and Instruction Related Services	4,289,464	4,065,218	6,921,377	8,278,249	10,602,542	12,195,834	12,670,361	8,856,878	9,867,150	15,271,224
Operating Grants and Contributions			700,930							
Capital Grants and Contributions	4,409,669	4,188,704	7,859,773	8,447,430	10,720,829	12,435,549	12,808,842	8,978,562	9,899,080	15,439,866
Total Governmental Activities Program Revenues	14,526	13,648	22,219	11,820	12,280	14,805	14,102	13,126	2,504	44,403
Business-Type Activities:										
Charges For Services:										
Food Service	20,889	17,882	19,260	59,839	19,441	19,050	16,445	11,699	7,896	19,354
Operating Grants and Contributions	35,415	31,530	41,479	91,109	31,721	33,855	30,547	24,825	10,400	63,757
Capital Grants and Contributions	4,445,084	4,220,234	7,901,252	8,538,539	10,752,550	12,469,404	12,839,389	9,003,387	9,909,480	15,503,623
Total Business Type Activities Program Revenues	4,480,388	4,269,646	7,961,991	8,690,487	10,803,712	12,517,109	12,985,481	9,040,316	12,416,980	16,666,734

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,913,180	\$ 12,213,187	\$ 14,515,136	\$ 15,496,872	\$ 18,115,297	\$ 18,492,272	\$ 18,796,075	\$ 16,032,026	\$ 16,729,932	\$ 19,344,407
Special Education	4,171,127	4,165,578	5,050,466	5,251,149	6,415,138	7,304,815	7,124,219	6,870,793	7,133,082	8,688,075
Other Special Instruction	198,698	518,460	609,585	621,163	691,902	858,522	691,427	576,033	758,597	926,545
Other Instruction	388,978	186,148	247,618	261,729	367,574	334,386	380,798	305,885	130,673	325,021
Support Services:										
Tuition	589,171	576,643	681,191	753,046	713,191	819,361	783,168	380,013	460,543	471,120
Student & Instruction Related Services	4,200,581	3,979,099	3,762,142	3,765,102	4,110,774	3,965,621	4,870,066	4,765,790	4,672,319	5,301,041
General Administrative Services	544,216	587,345	804,991	966,576	837,242	905,336	847,596	1,023,060	984,119	1,075,265
School Administrative Services	1,421,966	1,419,211	1,647,044	1,864,563	2,119,772	2,251,688	2,343,562	2,069,539	2,090,192	2,066,954
Central Services	414,829	377,014	430,332	450,713	477,381	456,972	505,775	477,332	483,968	510,578
Administrative Information Technology	245,035	284,024	401,695	458,409	417,008	445,885	361,490	377,018	375,088	368,565
Plant Operations And Maintenance	1,937,597	2,118,264	2,146,437	2,424,721	2,754,553	2,619,201	2,815,321	3,384,301	3,337,019	4,034,209
Pupil Transportation	2,121,798	2,194,261	2,299,967	2,412,540	2,673,210	2,557,365	2,851,468	2,582,921	2,237,351	2,697,931
Capital Outlay	1,014,870	125,361	458,195	560,502	409,050	237,103	43,027	4,704	251,242	469,505
Transfer to Charter School	104,099	104,689	146,064	124,953	85,768	77,596	150,082	40,268	24,451	64,207
Interest On Long-Term Debt	120,566	91,935	73,026	53,301	33,701	14,176				
Total Governmental Activities Expenses	29,386,711	28,941,219	33,273,889	35,465,339	40,221,561	41,340,299	42,564,073	38,889,682	39,668,576	46,343,423
Business-type activities:										
Food Service	33,280	30,936	44,233	57,089	35,869	71,580	67,998	66,226	38,074	121,028
Total Business-Type Activities Expense	33,280	30,936	44,233	57,089	35,869	71,580	67,998	66,226	38,074	121,028
Total District Expenses	29,419,991	28,972,155	33,318,122	35,522,428	40,257,430	41,411,879	42,632,071	38,955,908	39,706,650	46,464,451
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Regular Instruction	120,205	123,486	237,466	169,181	118,287	239,715	138,481	121,684	27,970	91,020
Student and Instruction Related Services	4,289,464	4,065,218	6,921,377	8,278,249	10,602,542	12,195,834	12,670,361	8,856,878	9,867,150	15,271,224
Operating Grants and Contributions			700,930							
Capital Grants and Contributions	4,409,669	4,188,704	7,859,773	8,447,430	10,720,829	12,435,549	12,808,842	8,978,562	9,899,080	15,439,866
Total Governmental Activities Program Revenues	14,526	13,648	22,219	11,820	12,280	14,805	14,102	13,126	2,504	44,403
Business-Type Activities:										
Charges For Services:										
Food Service	20,889	17,882	19,260	59,839	19,441	19,050	16,445	11,699	7,896	19,354
Operating Grants and Contributions	35,415	31,530	41,479	91,109	31,721	33,855	30,547	24,825	10,400	63,757
Capital Grants and Contributions	4,445,084	4,220,234	7,901,252	8,538,539	10,752,550	12,469,404	12,839,389	9,003,387	9,909,480	15,503,623
Total Business Type Activities Program Revenues	4,480,388	4,269,646	7,961,991	8,690,487	10,803,716	12,517,114	12,985,981	9,040,012	9,927,376	15,626,734
Total District Program Revenues	4,415,164	4,200,704	7,904,210	8,550,366	10,716,036	12,432,319	12,803,870	8,978,588	9,899,454	15,439,866

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022
Net (Expense)/Revenue Governmental Activities	\$(24,977,042)	\$(24,752,515)	\$(25,414,116)	\$(27,017,909)	\$(29,500,732)	\$(28,904,750)	\$(29,755,231)	\$(29,911,120)	\$(29,769,496)	\$(30,903,557)
Business-Type Activities	2,135	594	(2,754)	34,020	(4,148)	(37,725)	(37,451)	(41,401)	(27,674)	(57,271)
Total District-Wide Net Expense	<u>(24,974,907)</u>	<u>(24,751,921)</u>	<u>(25,416,870)</u>	<u>(26,983,889)</u>	<u>(29,504,880)</u>	<u>(28,942,475)</u>	<u>(29,792,682)</u>	<u>(29,952,521)</u>	<u>(29,797,170)</u>	<u>(30,960,828)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	25,843,825	26,231,482	26,318,000	27,266,482	28,390,548	29,398,723	30,557,436	31,168,585	32,324,284	32,489,754
Taxes Levied for Debt Service	440,737	439,545	429,737	411,550	397,176	379,137	240,242			
Federal and State Aid not Restricted	160,263	159,830	189,903	183,290	198,421	193,701	98,562	10,741	25,609	17,045
Interest and Miscellaneous Income	155,681	197,818	112,954	734,111	258,113	116,945	253,463	224,826	114,283	123,560
Restricted Miscellaneous Revenue			37,180		67,051	26,318	17,885		26,220	33,134
Transfers					(39,044)	(35,711)	(36,091)	(19,038)	(28,000)	(55,000)
Total Governmental Activities	<u>26,600,506</u>	<u>27,028,675</u>	<u>27,050,594</u>	<u>28,632,613</u>	<u>29,272,265</u>	<u>30,079,113</u>	<u>31,131,497</u>	<u>31,385,114</u>	<u>32,462,396</u>	<u>32,608,493</u>
Business-Type Activities:										
Interest and Miscellaneous Income					86	86	228	234	129	183
Capital Contributions/(Disposals)	8,985	(184)	(1,750)		(3,123)					
Transfers						35,711	36,091	19,038	28,000	55,000
Total Business-Type Activities	<u>8,985</u>	<u>(184)</u>	<u>(1,750)</u>		<u>(3,037)</u>	<u>35,797</u>	<u>36,319</u>	<u>19,272</u>	<u>28,129</u>	<u>55,183</u>
Total District-Wide	<u>26,609,491</u>	<u>27,028,491</u>	<u>27,048,844</u>	<u>28,632,613</u>	<u>29,269,228</u>	<u>30,114,910</u>	<u>31,167,816</u>	<u>31,404,386</u>	<u>32,490,525</u>	<u>32,663,676</u>
Change in Net Position:										
Governmental Activities	1,623,464	2,276,160	1,636,478	1,614,704	(228,467)	1,174,363	1,376,266	1,473,994	2,692,900	1,704,936
Business-Type Activities	11,120	410	(4,504)	34,020	(7,185)	(1,928)	(1,132)	(22,129)	455	(2,088)
Total District	<u>\$ 1,634,584</u>	<u>\$ 2,276,570</u>	<u>\$ 1,631,974</u>	<u>\$ 1,648,724</u>	<u>\$ (235,652)</u>	<u>\$ 1,172,435</u>	<u>\$ 1,375,134</u>	<u>\$ 1,451,865</u>	<u>\$ 2,693,355</u>	<u>\$ 1,702,848</u>

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 2,159,653	\$ 1,783,614	\$ 2,712,773	\$ 3,645,995	\$ 4,633,332	\$ 3,853,964	\$ 5,185,436	\$ 7,848,402	\$ 8,586,691	\$ 7,080,524
Assigned	163,657	220,854	138,419	1,072,407	585,151	2,304,337	1,568,022	1,292,041	2,099,416	2,367,047
Unassigned	537,310	574,502	539,737	575,219	598,468	588,535	700,690	488,771	1,340,779	1,544,990
Total General Fund	\$ 2,860,620	\$ 2,578,970	\$ 3,390,929	\$ 5,293,621	\$ 5,816,951	\$ 6,746,836	\$ 7,454,148	\$ 9,629,214	\$ 12,026,886	\$ 10,992,561
All Other Governmental Funds:										
Committed	\$ 1	\$ 187,225	\$ 1	\$ 1,297,299	\$ 7,453	\$ 1	\$ 1	\$ 71,489	\$ 72,560	\$ 57,909
Restricted										
Total All Other Governmental Funds	\$ 1	\$ 187,226	\$ 1	\$ 1,297,300	\$ 7,454	\$ 1	\$ -0-	\$ 71,489	\$ 72,560	\$ 57,909
Total Governmental Funds:										
Restricted	\$ 2,159,654	\$ 1,783,615	\$ 2,712,774	\$ 3,645,996	\$ 4,633,333	\$ 3,853,965	\$ 5,185,436	\$ 7,919,891	\$ 8,659,251	\$ 7,138,433
Committed		187,225		1,297,299	7,453					
Assigned	163,657	220,854	138,419	1,072,407	585,151	2,304,337	1,568,022	1,292,041	2,099,416	2,367,047
Unassigned	537,310	574,502	539,737	575,219	598,468	588,535	700,690	488,771	1,340,779	1,544,990
Total Governmental Funds	\$ 2,860,621	\$ 2,766,196	\$ 3,390,930	\$ 6,590,921	\$ 5,824,405	\$ 6,746,837	\$ 7,454,148	\$ 9,700,703	\$ 12,099,446	\$ 11,050,470

Source: School District Financial Reports

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$26,284,562	\$26,671,027	\$26,747,737	\$27,678,032	\$28,787,724	\$29,777,860	\$30,797,678	\$31,168,585	\$32,324,284	\$32,489,754
Tuition	117,955	123,486	237,466	169,181	118,287	239,715	138,481	121,684	27,970	91,020
Transportation Fees	2,250									
Miscellaneous	161,547	203,259	122,289	771,887	328,397	146,128	281,042	230,317	157,114	239,116
State Sources	4,049,527	3,674,049	4,727,427	4,449,412	4,841,471	5,424,694	6,161,361	6,087,207	7,361,097	9,496,424
Federal Sources	394,334	545,558	469,670	534,722	487,279	467,358	477,009	436,503	608,399	902,843
Total Revenue	31,010,175	31,217,379	32,304,589	33,603,234	34,563,158	36,055,755	37,855,571	38,044,296	40,478,864	43,219,157
Expenditures:										
Instruction:										
Regular Instruction	8,220,513	8,840,406	9,048,089	8,734,158	9,132,694	8,886,776	9,327,774	9,092,984	9,478,273	10,556,657
Special Education Instruction	2,941,575	2,984,792	3,085,968	3,056,855	3,397,465	3,709,601	3,641,436	4,089,450	4,269,632	4,630,049
Other Special Instruction	256,839	351,077	348,693	321,096	320,143	377,620	313,891	303,417	399,636	467,366
Other Instruction	133,641	129,541	153,128	142,557	183,934	159,400	188,754	169,835	69,180	239,791
Support Services:										
Tuition	589,171	576,643	681,191	753,046	713,191	819,361	783,168	380,013	460,543	471,120
Student & Instruction Related Services	3,149,632	3,050,538	3,128,537	3,068,436	3,185,758	3,103,727	3,730,793	3,738,014	3,686,184	4,029,074
General Administrative Services	380,993	420,241	611,344	767,811	603,288	685,524	592,172	693,546	614,050	722,787
School Administrative Services	961,379	987,302	1,028,167	1,057,516	1,098,689	1,121,381	1,178,251	1,168,675	1,190,630	1,162,765
Central Services	311,414	290,978	286,382	308,923	326,221	324,909	329,636	336,880	342,685	374,409
Administrative Information Technology	195,471	262,479	281,249	310,904	293,970	222,470	215,857	207,723	218,608	223,124
Plant Operations And Maintenance	1,576,355	1,943,730	1,912,041	1,940,526	2,122,614	2,201,036	2,230,607	2,785,317	2,602,772	3,390,721
Pupil Transportation	1,628,362	1,703,483	1,605,048	1,513,595	1,536,640	1,659,262	1,851,796	1,690,172	1,672,910	1,912,807
Unallocated Benefits	7,317,034	7,069,087	7,626,778	8,450,982	9,114,694	10,128,679	11,006,767	11,162,947	11,981,432	13,395,272
Debt Service:										
Principal	475,000	490,000	495,000	490,000	490,000	485,000	315,000			
Interest And Other Charges	126,000	109,375	91,000	71,200	51,600	32,000	12,600			
Capital Outlay	1,914,659	2,449,574	1,358,269	1,217,779	2,720,202	1,103,270	1,243,585	434,376	1,041,135	2,680,091
Transfer to Charter Schools	104,099	104,689	146,064	124,953	85,768	77,596	150,082	40,268	24,451	64,207
Total Expenditures	30,282,137	31,763,935	31,886,948	32,330,337	35,376,871	35,097,612	37,112,169	36,293,617	38,052,121	44,320,240

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022
Excess/(Deficiency) Of Revenues	\$ 728,038	\$ (546,556)	\$ 417,641	\$ 1,272,897	\$ (813,713)	\$ 958,143	\$ 743,402	\$ 1,750,679	\$ 2,426,743	\$ (1,101,083)
Over/(Under) Expenditures										
Other Financing Sources/(Uses):										
Leases (Non-Budgeted)	145,577	452,131	207,093	45,131	86,241					107,107
Financed Purchases (Non-Budgeted)				1,895,428						
Capital Lease Purchase Agreement Proceeds										
Transfers In		1,492,170	434,182							
Transfers Out		(1,492,170)	(434,182)	(13,465)	(39,044)	(35,711)	(36,091)	(19,038)	(28,000)	(55,000)
Total Other Financing Sources/(Uses)	145,577	452,131	207,093	1,927,094	47,197	(35,711)	(36,091)	(19,038)	(28,000)	52,107
Net Change In Fund Balances	\$ 873,615	\$ (94,425)	\$ 624,734	\$ 3,199,991	\$ (766,516)	\$ 922,432	\$ 707,311	\$ 1,731,641	\$ 2,398,743	\$ (1,048,976)
Debt Service As A Percentage	2.12%	2.04%	1.92%	1.80%	1.66%	1.52%	0.91%	0.00%	0.00%	0.00%
Of Noncapital Expenditures										

DENVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Other</u>	<u>Total</u>
2013	\$ 8,913	\$ 120,205	\$ 21,559	\$ 125,209	\$ 275,886
2014	8,036	123,486	133,135	56,647	321,304
2015	6,034	237,466	75,239	31,681	350,420
2016	16,169	169,181	545,265	207,872	938,487
2017	44,354	118,287	9,724	269,326	441,691
2018	51,186	239,715	5,714	86,239	382,854
2019	105,801	138,481	37,302	128,245	409,829
2020	119,038	121,684	8,743	97,045	346,510
2021	56,547	27,970	38,770	45,186	168,473
2022	30,440	91,020	50,987	75,267	247,714

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 41,831,900	\$ 1,854,794,500	\$ 4,331,100	\$ 78,700	\$ 297,753,400	\$ 69,244,600	\$ 7,579,600	\$ 2,275,613,800	\$ 209,736,700	\$ -0-	\$ 2,275,613,800	\$ 1.14	\$ 3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	209,606,600	-0-	2,253,332,800	1.18	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	213,597,600	-0-	2,220,537,000	1.20	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	213,333,200	-0-	2,223,288,900	1.22	3,250,387,268
2016	* 39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	265,875,000	-0-	3,065,556,000	0.86	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	268,916,600	-0-	3,073,065,100	0.95	3,300,059,059
2018	33,042,500	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,070,343,800	274,761,800	-0-	3,070,343,800	0.92	3,314,151,624
2019	32,059,100	2,444,368,800	4,379,300	86,800	484,188,300	97,629,300	14,896,000	3,077,607,600	276,050,700	-0-	3,077,607,600	1.01	3,327,546,997
2020	31,170,900	2,449,740,600	4,379,300	80,700	485,843,100	96,019,300	14,896,000	3,082,129,900	276,753,200	-0-	3,082,129,900	1.03	3,325,516,358
2021	29,691,800	2,463,935,300	4,058,300	80,400	492,261,800	95,501,300	14,896,000	3,100,424,900	278,321,400	-0-	3,100,424,900	1.05	3,390,301,916

* A revaluation occurred in this year.

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Source: Municipal Tax Assessor

DENVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Denville Township School District				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Township of Denville		Morris County	Morris Hills Regional School	
	Basic Rate ^a	General Obligation Debt Service ^b						
2012	\$ 1.12	0.02	\$ 1.14	\$ 0.57	0.36	\$ 0.81	\$ 2.88	
2013	1.16	0.02	1.18	0.58	0.36	0.85	2.97	
2014	1.18	0.02	1.20	0.62	0.36	0.88	3.06	
2015	1.21	0.02	1.22	0.63	0.36	0.91	3.12	
2016	* 0.85	0.01	0.86	0.92	0.28	0.71	2.77	
2017	0.94	0.01	0.95	0.48	0.28	0.73	2.44	
2018	0.91	0.01	0.92	0.46	0.26	0.65	2.29	
2019	1.01	-0-	1.01	0.50	0.28	0.70	2.49	
2020	1.03	-0-	1.03	0.50	0.28	0.70	2.51	
2021	1.05	-0-	1.05	0.51	0.29	0.70	2.55	

* A revaluation occurred in this year.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

DENVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2022			2013		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Saint Clare's Hospital		\$ 83,552,300	2.69%	St. Francis Life Care Corp	\$ 47,650,000	2.08%
Shoppes at Union Hill		33,896,000	1.09%	Shoppes at Union Hill	21,966,000	0.96%
Springpoint at Denville Inc		31,194,100	1.01%	Tamara Enterprises	12,112,200	0.53%
Tamara Enterprises		18,345,000	0.59%	Rockaway River Country Club	8,767,600	0.38%
Estling Village LLC		15,500,000	0.50%	Individual Taxpayer #1	6,737,000	0.29%
Denville Commons LLC		15,000,000	0.48%	Denville Station, LLC	5,100,000	0.22%
Denville Hospitality LLC		10,710,000	0.35%	Denville West Main, LLC	4,900,000	0.21%
Rockaway River Country Club		10,027,200	0.32%	Greco Realty LLC	4,844,100	0.21%
Pinefield Manor LLC		9,758,000	0.31%	WP Properties, LLC	4,790,000	0.21%
Denville West Main, LLC		9,529,500	0.31%	Morris Ave Denville S S, LLC	4,640,300	0.20%
Total		\$ 237,512,100	7.66%	Total	\$ 121,507,200	5.29%

Note: A revaluation occurred in 2016.

Source: Municipal Tax Assessor

DENVILLE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 26,284,562	\$ 26,284,562	100.00%	\$ -0-
2014	26,671,027	26,671,027	100.00%	-0-
2015	26,747,737	26,747,737	100.00%	-0-
2016	27,678,032	27,678,032	100.00%	-0-
2017	28,787,724	28,787,724	100.00%	-0-
2018	29,777,860	29,777,860	100.00%	-0-
2019	30,797,678	30,797,678	100.00%	-0-
2020	31,168,585	31,168,585	100.00%	-0-
2021	32,324,284	32,324,284	100.00%	-0-
2022	32,489,754	32,489,754	100.00%	-0-

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

Source: Denville Township School District records including the Certificate & Report of School Taxes

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Total District		
2013	\$ 2,765,000	\$ 821,106	\$ 3,586,106	0.26%	\$ 214
2014	2,275,000	779,018	3,054,018	0.22%	183
2015	1,780,000	431,696	2,211,696	0.15%	133
2016	1,290,000	2,103,019	3,393,019	0.22%	205
2017	800,000	1,970,425	2,770,425	0.18%	165
2018	315,000	1,728,733	2,043,733	0.13%	123
2019	-0-	1,527,387	1,527,387	0.09%	93
2020	-0-	1,375,937	1,375,937	0.08%	84
2021	-0-	1,262,785	1,262,785	0.07%	74
2022	-0-	1,146,296	1,146,296	0.07%	67

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

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

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,765,000.00	\$ -0-	\$ 2,765,000.00	0.12%	\$ 165.03
2014	2,275,000	-0-	2,275,000	0.10%	136
2015	1,780,000	-0-	1,780,000	0.08%	107
2016	1,290,000	-0-	1,290,000	0.06%	78
2017	800,000	-0-	800,000	0.03%	48
2018	315,000	-0-	315,000	0.01%	19
2019	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	0.00%	-0-
2022	-0-	-0-	-0-	0.00%	-0-

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

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

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

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Denville	\$ 11,148,467	100.00%	\$ 11,148,467
Morris County General Obligation Debt	235,030,042	3.32%	7,794,338
Morris Hills Regional School District Debt	19,025,000	36.90%	<u>7,020,225</u>
Subtotal, Overlapping Debt			25,963,030
Denville School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 25,963,030</u></u>

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

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Denville Township's equalized property value that is within the Morris County's boundaries and dividing it by Morris County's total equalized property value.

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

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2022									
	Equalized Valuation Basis								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
	\$ 3,479,713,692	3,348,685,246	3,300,737,452						
	Denville Township								
	\$ 3,376,378,797	\$ 101,291,364	-0-						
	Legal Debt Margin								
	\$ 101,291,364								

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 101,358,445	\$ 99,912,610	\$ 97,613,919	\$ 96,466,760	\$ 97,560,547	\$ 99,391,920	\$ 98,823,468	\$ 99,037,132	\$ 99,505,127	\$ 101,291,364
Total Net Debt Applicable to Limit	3,240,000	2,765,000	2,275,000	1,780,000	1,290,000	315,000	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 98,118,445	\$ 97,147,610	\$ 95,338,919	\$ 94,686,760	\$ 96,270,547	\$ 99,076,920	\$ 98,823,468	\$ 99,037,132	\$ 99,505,127	\$ 101,291,364
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.20%	2.77%	2.33%	1.85%	1.32%	0.32%	0.00%	0.00%	0.00%	0.00%

a Limit set by NJS A 18A:24-19 for a K through 8 district, other % limits would be applicable for other districts
 Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

DENVILLE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	16,755	\$ 1,357,590,630	\$ 81,026	7.40%
2014	16,685	1,406,328,595	84,287	4.90%
2015	16,641	1,469,367,018	88,298	4.10%
2016	16,579	1,512,866,908	91,252	3.80%
2017	16,746	1,566,487,824	93,544	3.70%
2018	16,630	1,617,167,720	97,244	3.30%
2019	16,435	1,629,365,900	99,140	2.50%
2020	16,362	1,672,638,174	102,227	7.90%
2021	17,100	1,748,081,700	102,227 *	4.70%
2022	17,100 **	1,748,081,700 ***	102,227 *	N/A

* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

** - Latest population data available (2021) was used for calculation purposes.

*** - Latest personal income data available (2021) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

DENVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2021		2012		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		10,516	Novartis	6,200	N/A
US Army Armament R&D		6,000	Picatinny Arsenal	5,841	N/A
Novartis		5,200	Atlantic Health system	5,576	N/A
Bayer		3,483	ADP	1,947	N/A
Barclays		3,000	County of Morris	1,838	N/A
Automatic Data Processing, Inc.		2,200	Saint Clare's	1,662	N/A
Accenture		2,009	Wyndham Worldwide Corporation	1,546	N/A
Deloitte & Touche		1,492	BASF Corporation	1,500	N/A
St. Clare's Health System		1,491	Accenture	1,498	N/A
County of Morris		1,438	Chilton Memorial	1,440	N/A
Total		<u>36,829</u>		<u>29,048</u>	
Total County Labor Force		<u>262,719</u>		<u>N/A</u>	

N/A - Total amount of Employment is not available in order to do the percentage calculation

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	123.4	111.8	118.0	123.0	121.0	110.0	113.5	116.0	112.9	128.5
Special Education	68.2	100.1	99.6	98.5	58.0	59.0	57.0	59.0	58.0	64.0
Support Services:										
Student & Instruction Related Services	26.7	23.7	23.0	35.0	89.0	88.0	90.0	93.0	92.0	91.0
School Administrative Services	15.9	15.1	8.0	17.0	17.0	17.0	20.0	20.0	20.0	21.0
General and Business Administrative Services	6.0	6.0	5.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Plant Operations and Maintenance	22.6	20.0	20.0	17.5	18.0	17.0	15.5	16.0	17.0	16.5
Pupil Transportation	27.5	20.0	20.0	20.5	42.0	30.0	28.5	26.5	25.0	26.0
Total	<u>290.3</u>	<u>296.7</u>	<u>294.1</u>	<u>319.5</u>	<u>353.0</u>	<u>329.0</u>	<u>332.5</u>	<u>338.5</u>	<u>332.9</u>	<u>355.0</u>

Source: District Personnel Records

DENVILLE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2013	1,750	\$ 27,766,478	\$15,867	6.36%	176	1:11.8	1:7.9	1,758	1,693	-1.90%	96.30%
2014	1,730	28,714,986	16,598	4.61%	177	1:9.4	1:10.5	1,725	1,666	-1.88%	96.58%
2015	1,687	29,942,679	17,749	6.93%	175	1:9.5	1:10.0	1,680	1,621	-2.61%	96.49%
2016	1,646	30,551,358	18,561	4.57%	169	1:9.9	1:9.5	1,636	1,581	-2.62%	96.64%
2017	1,650	32,111,676	19,462	4.85%	174	1:9.8	1:9.0	1,634	1,478	-0.12%	90.45%
2018	1,639	33,477,342	20,425	4.95%	178	1:9.3	1:9.3	1,594	1,569	-2.45%	98.43%
2019	1,631	35,540,984	21,791	6.69%	176	1:9.3	1:9.0	1,570	1,507	-1.51%	95.99%
2020	1,664	35,859,241	21,550	-1.11%	180	1:9.43	1:9.0	1,647	1,612	4.90%	97.87%
2021	1,620	37,010,986	22,846	6.02%	180	1:8.82	1:8.76	1,620	1,607	-1.64%	99.20%
2022	1,664	41,640,149	19,936	4.85%	196	1:8.82	1:8.76	1,664	1,660	-0.97%	99.76%

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The cost per pupil calculated above is the sum of operating enrollment divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lakeview Elementary School (1958)	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138
Square Feet	683	683	683	683	683	683	683	683	683	683
Capacity (students)	695	677	682	675	705	686	649	650	635	682
Enrollment	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855
Riverview Elementary School (1958)	388	388	388	388	388	388	388	388	388	388
Square Feet	393	402	388	373	372	362	383	418	433	439
Capacity (students)	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247
Enrollment	465	465	465	465	465	465	465	465	465	465
Valleyview Middle School (1965)	662	651	617	598	573	595	586	596	552	543
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Capacity (students)	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
Enrollment	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247
Administration Building (1908)	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Square Feet	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
Capacity (students)										
Enrollment										
Bus Garage (1964)										
Square Feet										
Capacity (students)										
Enrollment										

Number of Schools at June 30, 2022
 Elementary = 2
 Middle School = 1
 Other = 2

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

Source: Denville Township School District Facilities Office

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required Maintenance For School Facilities

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>School Facilities*</u>										
Lakeview Elementary	\$ 112,063	\$ 164,811	\$ 168,096	\$ 145,561	\$ 204,663	\$ 175,120	\$ 158,400	\$ 281,518	\$ 192,630	\$ 254,206
Riverview Elementary	73,159	107,591	109,736	95,025	133,608	154,518	139,764	248,399	169,968	224,300
Valleyview Middle	107,194	157,658	160,801	139,244	195,781	169,969	153,741	273,238	186,965	246,729
Total School Facilities	<u>292,416</u>	<u>430,060</u>	<u>438,633</u>	<u>379,829</u>	<u>534,051</u>	<u>499,607</u>	<u>451,905</u>	<u>803,155</u>	<u>549,563</u>	<u>725,235</u>
<u>Other Facilities</u>										
Administration Building	1,662	2,442	2,491	2,157	3,033	5,151	4,659	8,280	5,666	7,477
Bus Garage	2,467	3,620	3,692	3,197	4,495	10,301	9,318	16,560	11,331	14,953
Total Other Facilities	<u>4,129</u>	<u>6,062</u>	<u>6,183</u>	<u>5,354</u>	<u>7,528</u>	<u>15,452</u>	<u>13,977</u>	<u>24,840</u>	<u>16,997</u>	<u>22,430</u>
Grand Total	<u>\$ 296,545</u>	<u>\$ 436,122</u>	<u>\$ 444,816</u>	<u>\$ 385,183</u>	<u>\$ 541,579</u>	<u>\$ 515,059</u>	<u>\$ 465,882</u>	<u>\$ 827,995</u>	<u>\$ 566,560</u>	<u>\$ 747,665</u>

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

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

	Coverage	Deductible
<u>American Alternative Insurance Company:</u>		
Property		
Blanket Building & Contents	\$ 61,215,828	\$ 5,000
Commercial General Liability		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Abuse or Molestation Liability:		
Per Occurrence	1,000,000	
Aggregate	1,000,000	
Commercial Automotive Liability	1,000,000	1,000*
Commercial Inland Marine	1,361,712	
Commercial Umbrella Liability:		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
<u>NJ UEP:</u>		
	\$30,000,000} Evanston \$10M, Allied World \$10M, Hudson	
Excess Liability	\$10M	PIP Cap Excess
Fireman's Fund Excess Liability (Shared)	\$25,000,000 x \$40,000,000	
Employee Benefits:		
Per Occurrence	1,000,000	1,000
Aggregate	1,000,000	
<u>NJ School Insurance Group (NJSIG):</u>		
Workers Compensation	Statutory	
Employer's Liability/Full Wage Supplement	\$3,000,000	
Greenwich Insurance Company		
School Board Legal Liability/Employment Practices Liability		
Per Occurrence	1,000,000	
Aggregate	1,000,000	25,000
Public Official Bonds - Selective Insurance Company:		
Treasurer of School Monies	350,000	
Board Secretary/Business Administrator	350,000	
Blanket Employee Bond	10,000	
Employee Theft (Those not subject to bonding)	50,000	5,000
Cyber Liability - Coalition Insurance Solutions, Inc.		
Per Occurrence	1,000,000	
Aggregate	4,000,000	10,000 retention
<u>CHUBB:</u>		
Education Entity - Pollution Liability		
Per Occurrence	1,000,000	\$25,000 Pollution Condition - Retention
Aggregate	3,000,000	\$50,000 Per Fungi or Legionella Condition Retention
Chubb/Westchester Storage Tank Liability (Bus Garage Fuel Tank)		
Per Occurrence	1,000,000	
Aggregate	2,000,000	25,000

* comprehensive and collision deductibles on auto coverage

Source: Denville Township School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Denville Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Denville Township School District
Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
January 31, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Denville Township School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Denville Township School District
Page 3

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

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

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

January 31, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			
			From	To		Budgetary (Accounts Receivable)	Cash Received	Budgetary Expenditures	Due to Grantor	Unearned Revenue	Amount Provided to Subrecipients	
U.S. Department of Agriculture -												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/20	6/30/21	\$ 896	\$ (82)	\$ 82					
Special Milk Program	10.556	N/A	7/1/21	6/30/22	14,354		13,271	\$ (14,354)	\$ (1,083)			
Total U.S. Department of Agriculture / Enterprise Fund												
						(82)	13,353	(14,354)	(1,083)			
U.S. Department of Health and Human Services -												
Passed-through State Department of Human Services:												
General Fund:												
Medicaid Cluster:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/21	6/30/22	17,045		17,045	(17,045)				
Total U.S. Department of Health and Human Services												
							17,045	(17,045)				
U.S. Department of Homeland Security -												
Passed-through State Department of Emergency Management:												
General Fund:												
Disaster Grants - Public Assistance (FEMA):												
Emergency Protective Measures	97.036	PW148243	7/1/20	9/3/20	79,214		79,214	(79,214) *				
Total U.S. Department of Homeland Security												
							79,214	(79,214)				
U.S. Department of Education -												
Passed-through State Department of Education:												
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief	84.425D	CARES109020	3/13/20	9/30/22	45,404	(9,792)	9,792					
COVID 19 - CRRSA:												
ESSER II												
Learning Acceleration	84.425D	S425D210027	3/13/20	9/30/23	145,858	(64,014)	59,228	(67,298)	(72,084)			
Mental Health	84.425D	S425D210027	3/13/20	9/30/23	25,000		1,800	(7,404)	(5,604)			
COVID 19 - ARP:												
ESSER III												
Accelerated Learning	84.425U	S425D210027	3/13/20	9/30/24	327,807		138,680	(154,918)	(16,238)			
Summer Learning	84.425U	S425D210027	3/13/20	9/30/24	138,341		21,265	(53,524)	(32,259)			
Beyond School Day	84.425U	S425D210027	3/13/20	9/30/24	40,000		30,512	(7,121)	(7,121)			\$ 3,312
Mental Health	84.425U	S425D210027	3/13/20	9/30/24	45,000			(2,395)	(2,395)			
Education Stabilization Fund Total												
						(73,806)	284,895	(343,478)	(135,701)			3,312

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			
			From	To		Budgetary (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable)	Due to Grantor	Unearned Revenue
U.S. Department of Education - Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA-1090-21	7/1/20	9/30/21	\$ 53,837	\$ (18,543)	\$ 18,543					
Title I	84.010A	ESEA-1090-22	7/1/21	9/30/22	57,717	(18,543)	7,049	(36,109)	(29,060)			
Total Title I						(5,550)	25,592	(36,109)	(29,060)			
Title II	84.367A	ESEA-1090-21	7/1/20	9/30/21	28,232		5,550					
Title II	84.367A	ESEA-1090-22	7/1/21	9/30/22	34,476		10,200	(17,627)	(7,427)			
Total Title II						(5,550)	15,750	(17,627)	(7,427)			
Title IV	84.365A	ESEA-1090-22	7/1/21	9/30/22	20,609		480	(480)				
Title IV	84.365A	ESEA-1090-19	7/1/18	9/30/19	10,000			(480)		\$ 16		
Total Title IV							480	(480)		16		
Elementary and Secondary Education Act Total						(24,093)	41,822	(54,216)	(36,487)	16		
Special Education Cluster:												
ID.E.A. Part B, Basic Regular	84.027A	IDEA-1090-22	7/1/21	9/30/22	362,622		362,622	(362,622)				
ARP - I.D.E.A. Part B, Basic Regular	84.027X	IDEA-1090-22	7/1/21	9/30/22	69,436		69,436	(69,436)				
ID.E.A. Part B, Preschool	84.173A	IDEA-1090-22	7/1/21	9/30/22	22,032		22,032	(22,032)				
ARP - I.D.E.A. Part B, Preschool	84.173X	IDEA-1090-22	7/1/21	9/30/22	5,928		5,928	(5,928)				
Special Education Cluster Total							460,018	(460,018)				
Total U.S. Department of Education / Special Revenue Fund						(97,899)	786,735	(857,712)	(172,188)	16	3,312	
TOTAL FEDERAL AWARDS						\$ (97,981)	\$ 896,347	\$ (968,325)	\$ (173,271)	\$ 16	\$ 3,312	\$ -0-

N/A - Not Available/Applicable.
* Prior year expenses.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	\$ 1,254,864	\$ (121,775)	\$ 121,775						\$ 1,254,864
Categorical Security Aid	21-495-034-5120-084	7/1/20	6/30/21	29,235	(2,837)	2,837						29,235
Categorical Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	295,264	(28,653)	28,653						295,264
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20	6/30/21	357,514	(357,514)	357,514						357,514
Additional Non-Public Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	17,630	(17,630)	17,630						17,630
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20	6/30/21	924,529	(46,410)	46,410						924,529
Special Education Categorical Aid	22-495-034-5120-089	7/1/21	6/30/22	1,619,650		1,460,795	\$ (1,619,650)			\$ (158,855)		1,619,650
Categorical Security Aid	22-495-034-5120-084	7/1/21	6/30/22	48,547		43,786	(48,547)			(4,761)		48,547
Categorical Transportation Aid	22-495-034-5120-014	7/1/21	6/30/22	295,264		266,305	(295,264)			(28,959)		295,264
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21	6/30/22	428,963			(428,963)			(428,963)		428,963
Additional Non-Public Transportation Aid	22-495-034-5120-014	7/1/21	6/30/22	15,080			(15,080)			(15,080)		15,080
Reimbursed TPAF Social Security Contributions	22-100-034-5095-002	7/1/21	6/30/22	954,864		906,339	(954,864)			(48,525)		954,864
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21	6/30/22	1,134,981		1,134,981	(1,134,981)					1,134,981
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21	6/30/22	4,790,227		4,790,227	(4,790,227)					4,790,227
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	67,583		67,583	(67,583)					67,583
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	2,077		2,077	(2,077)					2,077
Total General Fund State Aid					(574,819)	9,246,912	(9,357,236)			(685,143)		12,236,272
NJ Nonpublic Aid:												
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	22,950		\$ 1,550				\$ 1,550		9,095
Total Nonpublic Aid						1,550				1,550		9,095
School Development Authority:												
General Fund:												
School Security Grant - Alyssa's Law	N/A	4/1/20	6/30/24	86,023		86,023	(86,023)					86,023
Special Revenue Fund:												
Emergent and Capital Maintenance Needs	N/A	11/19/21	6/30/22	36,831		36,831	(36,831)					36,831
Total School Development Authority						122,854	(122,854)					122,854
Total State Department of Education					(574,819)	9,369,766	(9,480,090)			(492,568)	1,550	12,368,221

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor			GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
New Jersey Board of Public Utilities:												
Capital Projects Fund:												
School and Small Business Ventilation and Energy												
Efficiency Verification and Repair Program:												
HVAC Replacement/New Systems	SSB-VEEVR	5/1/22	2/11/23	\$ 464,813			\$ 7,125	\$ (55,644)	\$ (48,519)		\$ (457,688)	\$ 55,644
New Jersey Board of Public Utilities / Capital Projects Fund												
Total State Awards Subject to Single Audit Determination					\$ (574,819)	\$ 1,550	\$ 9,376,891	(9,535,734)	\$ (541,087)	\$ 1,550	\$ (1,142,831)	\$ 12,423,865
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21	6/30/22	(1,134,981)				1,134,981				
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21	6/30/22	(4,790,227)				4,790,227				
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	(67,583)				67,583				
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	(2,077)				2,077				
Subtotal - On-Behalf TPAF Pension System Contributions								5,994,868				
Total State Awards Subject to Single Audit Major Program Determination								\$ (3,540,866)				

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Denville Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the 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*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$39,310) for the general fund, and \$28,086 for the special revenue fund. Also, for the General Fund, FEMA reimbursement of \$79,214 was posted as an appropriation refund. In the Capital Projects Fund, the net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$409,169) for SSB-VEEVR grant reimbursements not submitted as of year end. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as follows:

	Federal Sources	State Sources	Total
General Fund	\$ 17,045	\$ 9,403,949	\$ 9,420,994
Special Revenue Fund	885,798	36,831	922,629
Capital Projects Fund		55,644	55,644
Proprietary Fund	14,354		14,354
Total Financial Assistance	\$ 917,197	\$ 9,496,424	\$ 10,413,621

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the fiscal year ended June 30, 2022.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors’ Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as 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 instances of noncompliance material to the financial statements of the District 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 federal and state programs disclosed during the audit as reported in the *Independent Auditors’ Report on Compliance for Each Major Federal and State Programs; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor’s report on compliance for the major federal and state programs for the District expresses an unmodified opinion on the major federal and state programs.
- 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 District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
IDEA, Part B, Basic	84.027A	7/1/21-9/30/22	\$ 362,622	\$ 362,622
ARP - IDEA, Part B, Basic	84.027X	7/1/21-9/30/22	69,436	69,436
IDEA, Part B, Preschool	84.173A	7/1/21-9/30/22	22,032	22,032
ARP - IDEA, Part B, Preschool	84.173X	7/1/21-9/30/22	5,928	5,928
<u>State:</u>				
Special Education				
Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 1,619,650	\$ 1,619,650
Categorical Security Aid	22-495-034-5120-084	7/1/21-6/30/22	48,547	48,547

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for State Awards:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.