

**SCHOOL DISTRICT  
OF THE  
TOWNSHIP OF DENVILLE**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**DENVILLE TOWNSHIP SCHOOL DISTRICT**

**Denville, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Denville Township Board of Education  
Finance Department**

DENVILLE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7

FINANCIAL SECTION.....8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information .....	12
Management's Discussion and Analysis .....	13

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements .....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	24

B. Fund Financial Statements.....	26
B-1 Balance Sheet – Governmental Funds .....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29
B-4 Statement of Net Position – Proprietary Funds.....	30
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	31
B-6 Statement of Cash Flows – Proprietary Funds.....	32
B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....	33
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	34

Notes to the Basic Financial Statements.....	35
--	----

Required Supplementary Information .....	75
--	----

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	76
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	76
L-2 Schedule of District Contributions – Public Employees Retirement System .....	77
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund.....	78
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	79
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	80
Notes to Required Supplementary Information .....	81

DENVILLE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

C.	Budgetary Comparison Schedules.....	84
C-1	Budgetary Comparison Schedule – General Fund.....	85
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	98
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	99
D.	School Level Schedules (Not Applicable).....	100
E.	Special Revenue Fund.....	101
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	102
E-2	Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund (Not Applicable).....	104
G.	Proprietary Funds.....	105
	Enterprise Fund:	
G-1	Statement of Net Position .....	106
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	107
G-3	Statement of Cash Flows .....	108
H.	Fiduciary Funds .....	109
H-1	Combining Statement of Fiduciary Net Position .....	110
H-2	Statement of Changes in Fiduciary Net Position .....	111
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	112
H-4	Student Activity Agency Fund Statement of Activity .....	113
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements .....	114
I.	Long-Term Debt.....	115
I-1	Schedule of Serial Bonds (Not Applicable)	
I-2	Schedule of Obligations Under Capital Leases.....	116
I-3	Debt Service Fund Budgetary Comparison Schedule (Not Applicable)	

DENVILLE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

STATISTICAL SECTION

J.	Statistical Section (Unaudited) .....	117
J-1	Net Position by Component .....	118
J-2	Changes in Net Position .....	119
J-3	Fund Balances – Governmental Funds .....	122
J-4	Changes in Fund Balances – Governmental Funds .....	123
J-5	General Fund – Other Local Revenue by Source .....	125
J-6	Assessed Value and Actual Value of Taxable Property .....	126
J-7	Direct and Overlapping Property Tax Rates .....	127
J-8	Principal Property Tax Payers .....	128
J-9	Property Tax Levies and Collections .....	129
J-10	Ratios of Outstanding Debt by Type .....	130
J-11	Ratios of Net General Bonded Debt Outstanding .....	131
J-12	Ratios of Overlapping Governmental Activities Debt .....	132
J-13	Legal Debt Margin Information .....	133
J-14	Demographic and Economic Statistics .....	134
J-15	Principal Employers .....	135
J-16	Full-Time Equivalent District Employees by Function/Program .....	136
J-17	Operating Statistics .....	137
J-18	School Building Information .....	138
J-19	Schedule of Required Maintenance for School Facilities .....	139
J-20	Insurance Schedule .....	140
K.	SINGLE AUDIT SECTION .....	141
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> .....	142
K-2	Independent Auditors’ Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance .....	144
K-3	Schedule of Expenditures of Federal Awards .....	146
K-4	Schedule of Expenditures of State Awards .....	148
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	149
K-6	Schedule of Findings and Questioned Costs .....	151
K-7	Summary Schedule of Prior Audit Findings .....	153

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

December 14, 2020

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

Dear Board Members:

The comprehensive annual financial report of the Denville Township School District (the "District") for the fiscal year ended June 30, 2020, 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 comprehensive annual 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.

**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. The District completed the 2019-2020 fiscal year with an enrollment of 1,664 students, which is an increase of 33 students or 2.02% from the previous year's enrollment.

## 2) ECONOMIC CONDITION AND OUTLOOK:

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

The 2019-2020 school year was a challenging year. The COVID-19 pandemic abruptly forced the District to close school on March 13th changing from in-person education to distance learning. This closure prevented many year-end activities such as field trips, dances, graduation, and many other activities that typically happen at the end of the school year to be canceled. Distance learning allowed the school to continue a synchronous instruction to students through Google-based online learning infrastructure. The District, for the past several years, while maintaining a fiscally responsible budget, was already providing Chromebooks to student in grades 6th through 8th, this proved extremely beneficial during these times. Along with the importance of education, the District also recognized the importance of continuing to provide nutritious meals to economically disadvantaged students.

## 3) MAJOR INITIATIVES:

**Math** - Budget priority includes purchasing new texts for grades K-5. Additional professional development in the areas of multi-sensory instruction, modeling and problem-solving will be provided. Digital support programs include Reflex Math K-5, Freckle Math 6-8, and OnCourse Assessments K-8.

**English Language Arts** - Professional development money is 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. The priority will be on the word work component of our balanced literacy program and expanding the middle school classroom libraries and book clubs. Grades 2 will implement Units of Study Phonics. Additional classroom libraries will be purchased.

**Science** - Funding is 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 is provided to replenish consumable materials and renovation of the Family and Consumer Science Lab.

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

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

**Technology** - Budgetary expenditures to replace computer hardware & no longer supported software are 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 will be purchased. Work on enhancing the Wi-Fi at the two elementary schools is included in this budget.

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



4) 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.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary 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, the special revenue fund and the 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.

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, 2020.

6) ACCOUNTING SYSTEM AND REPORTS: 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.


7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Health benefits are provided to District employees through the State Health Benefits Plan. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's statistical section.

9) 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.

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,

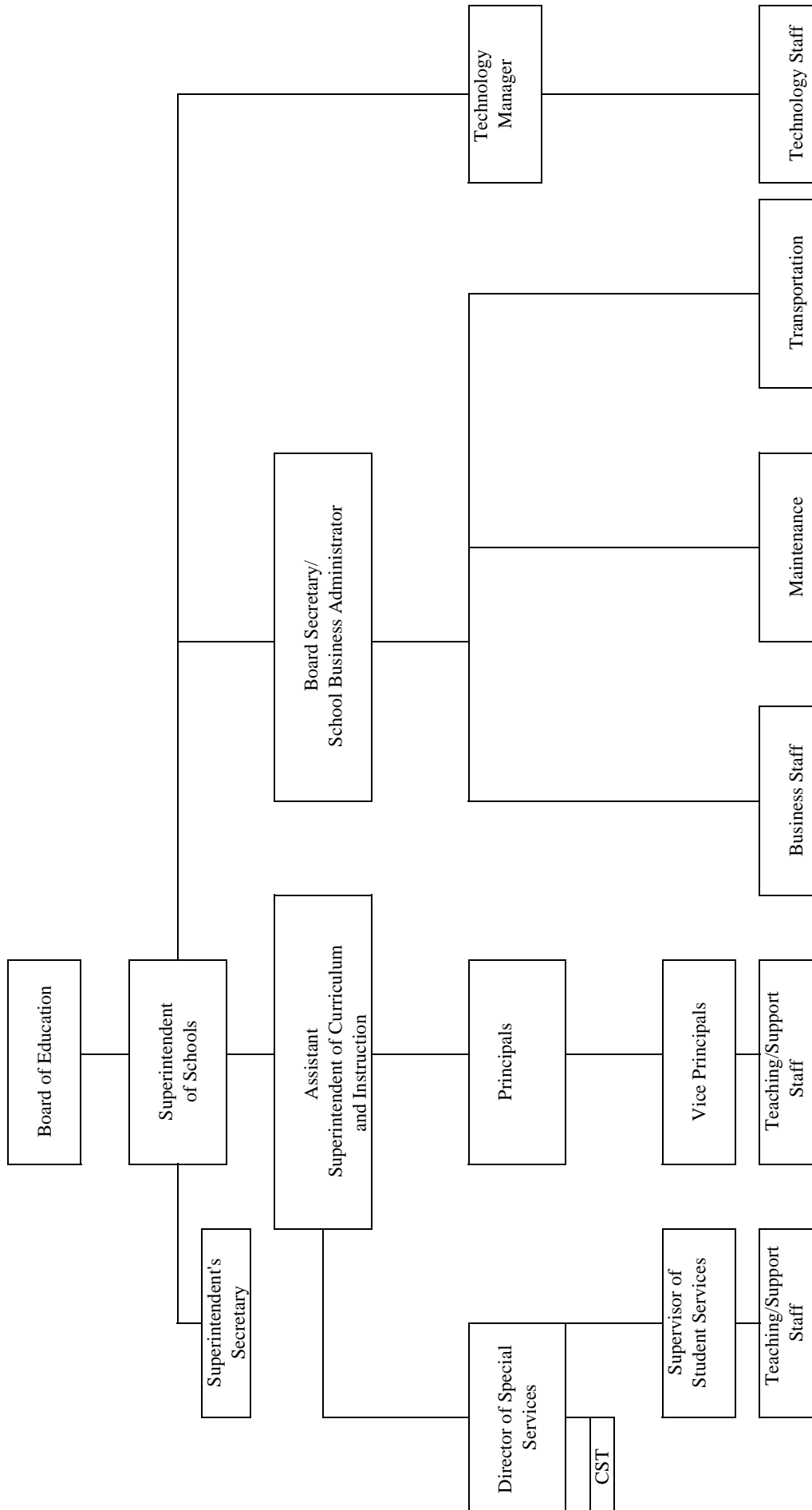


Dr. Steven Forte  
Superintendent



Damaris Gurowsky  
Business Administrator/Board Secretary

**DENVILLE TOWNSHIP SCHOOL DISTRICT**  
**Organizational Chart**  
 (Unit Control)



**DENVILLE TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Laura Wagner, President	2022
James Kim, Vice President	2020
Don Casse	2022
Michael Andersen	2020
Dino Cappello	2020
David Luer	2021
Kathleen Gould	2021

<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, CPAs  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

**Architect**

DiCara Rubino Architects  
30 Galesi Drive, West Wing  
Wayne, NJ 07470

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

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 Financial Statements**

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 Board of Education of the Township of Denville School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the 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 Board of Education of the Township of Denville School District, in the County of Morris, as of June 30, 2020, 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.

***Other Matters***

***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 benefit 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, although not a part of the basic financial statements, is 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.

***Other 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 schedules and the other 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*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other supplementary 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.



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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 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 the District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 14, 2020

*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, 2020**

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, 2020. 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.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- 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**

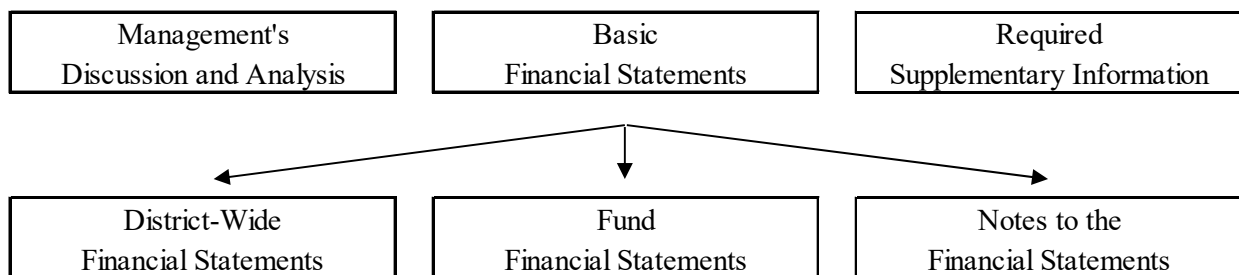


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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	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 or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
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	All additions and deductions 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 three 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.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*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 14.61%. Net position from governmental activities increased \$1,473,994 while net position from business-type activities decreased \$22,129. Net investment in capital assets decreased \$317,113, restricted net position increased by \$2,219,541 and unrestricted net position decreased \$450,563.

**Figure A-3**  
**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020
Current and Other Assets	\$ 9,663,195	\$ 7,570,327	\$ 9,128	\$ 14,062	\$ 9,672,323	\$ 7,584,389	
Capital Assets, Net	14,711,186	15,168,519	134,591	145,821	14,845,777	15,314,340	
Total Assets	<u>24,374,381</u>	<u>22,738,846</u>	<u>143,719</u>	<u>159,883</u>	<u>24,518,100</u>	<u>22,898,729</u>	7.07%
Deferred Outflows of Resources	<u>1,790,835</u>	<u>2,715,404</u>			<u>1,790,835</u>	<u>2,715,404</u>	-34.05%
Other Liabilities	1,011,406	649,179	7,392	1,427	1,018,798	650,606	
Long-Term Liabilities	10,342,835	11,500,780			10,342,835	11,500,780	
Total Liabilities	<u>11,354,241</u>	<u>12,149,959</u>	<u>7,392</u>	<u>1,427</u>	<u>11,361,633</u>	<u>12,151,386</u>	-6.50%
Deferred Inflows of Resources	<u>3,556,561</u>	<u>3,523,871</u>			<u>3,556,561</u>	<u>3,523,871</u>	0.93%
Net Position:							
Net Investment in Capital Assets	13,335,249	13,641,132	134,591	145,821	13,469,840	13,786,953	
Restricted	7,404,977	5,185,436			7,404,977	5,185,436	
Unrestricted/(Deficit)	<u>(9,485,812)</u>	<u>(9,046,148)</u>	<u>1,736</u>	<u>12,635</u>	<u>(9,484,076)</u>	<u>(9,033,513)</u>	
Total Net Position	<u>\$ 11,254,414</u>	<u>\$ 9,780,420</u>	<u>\$ 136,327</u>	<u>\$ 158,456</u>	<u>\$ 11,390,741</u>	<u>\$ 9,938,876</u>	14.61%

\* - Restated

*Changes in Net Position.* The District’s combined net position was \$11,390,741 on June 30, 2020, \$1,451,865 or 14.61% more than it was the year before (See Figure A-3). Net investment in capital assets decreased mainly due to depreciation offset by capital assets additions and capital lease principal payments. Restricted net position increased as a result of an increase in the capital reserve and maintenance reserve accounts. Unrestricted net position decreased mainly due to a decrease in encumbrances (See Figure A-3).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total</u>
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>Percentage</u>
Revenue:							
Program Revenue:							
Charges for Services	\$ 121,684	\$ 138,481	\$ 13,126	\$ 14,102	\$ 134,810	\$ 152,583	
Grants and Contributions:							
Operating	8,856,878	12,670,361	11,699	16,445	8,868,577	12,686,806	
General Revenue:							
Property Taxes	31,168,585	30,797,678			31,168,585	30,797,678	
Federal and State Aid Not Restricted	10,741	98,562			10,741	98,562	
Other	205,788	235,257	19,272	36,319	225,060	271,576	
Total Revenue	<u>40,363,676</u>	<u>43,940,339</u>	<u>44,097</u>	<u>66,866</u>	<u>40,407,773</u>	<u>44,007,205</u>	-8.18%
Expenses:							
Instruction	23,784,737	26,992,519			23,784,737	26,992,519	
Pupil and Instruction Services	5,145,803	5,653,234			5,145,803	5,653,234	
Administrative and Business	3,946,949	4,058,423			3,946,949	4,058,423	
Maintenance and Operations	3,384,301	2,815,321			3,384,301	2,815,321	
Transportation	2,582,921	2,851,468			2,582,921	2,851,468	
Other	44,972	193,109	66,226	67,998	111,198	261,107	
Total Expenses	<u>38,889,682</u>	<u>42,564,074</u>	<u>66,226</u>	<u>67,998</u>	<u>38,955,908</u>	<u>42,632,072</u>	-8.62%
Increase/(Decrease) in Net Position	<u>\$ 1,473,994</u>	<u>\$ 1,376,265</u>	<u>\$ (22,129)</u>	<u>\$ (1,132)</u>	<u>\$ 1,451,865</u>	<u>\$ 1,375,133</u>	<u>-5.58%</u>

### Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has increased by \$1.5 million. Maintaining existing programs with increased 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	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 23,784,737	\$ 26,992,519	\$ 15,432,863	\$ 15,365,822
Pupil and Instruction Services	5,145,803	5,653,234	5,066,178	5,460,698
Administrative and Business	3,946,949	4,058,423	3,477,409	3,288,796
Maintenance and Operations	3,384,301	2,815,321	3,343,020	2,709,743
Transportation	2,582,921	2,851,468	2,546,679	2,737,064
Other	44,972	193,109	44,972	193,109
	<u>\$ 38,889,682</u>	<u>\$ 42,564,074</u>	<u>\$ 29,911,120</u>	<u>\$ 29,755,231</u>

**Business-Type Activities**

Net position from the District’s business-type activities, food service, decreased by \$22,129 due to normal expenses exceeding revenues for the year primarily due to a decrease in activity from school closures from the COVID-19 epidemic. (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. Interest from investments remained favorable as compared to years past.

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
	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020	2018/2019*	2019/2020
Land	\$ 105,150	\$ 105,150			\$ 105,150	\$ 105,150	
Construction in Progress		1,054,256				1,054,256	
Buildings and Building Improvements	13,341,977	12,789,459			13,341,977	12,789,459	
Machinery and Equipment	1,264,059	1,219,654	\$ 134,591	\$ 145,821	1,398,650	1,365,475	
Total Capital Assets, Net of Depreciation	<u>\$ 14,711,186</u>	<u>\$ 15,168,519</u>	<u>\$ 134,591</u>	<u>\$ 145,821</u>	<u>\$ 14,845,777</u>	<u>\$ 15,314,340</u>	<u>-3.06%</u>

\* - Restated

The District's overall capital assets decreased due to normal depreciation amounts offset by additions. (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 \$1,157,945, or 10.07%, mainly due to a decrease in the net pension liability, a decrease in capital leases and a decrease in compensated absences – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-7**  
**Outstanding Long-Term Liabilities**

	Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020
Net Pension Liability	\$ 8,724,179	\$ 9,695,191	
Other Long-Term Liabilities	1,618,656	1,805,589	
	<u>\$ 10,342,835</u>	<u>\$ 11,500,780</u>	<u>-10.07%</u>

## **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 seven existing circumstances that could significantly affect its financial health in the future:

- Changes in regulations by the State of New Jersey, inclusive of limits on revenues and fluctuations in aid, will affect the services offered to the students of the Denville Township School District.
- Maintenance issues within the schools will continue to be a concern for the District. The District will have to dedicate its financial resources towards solving major capital issues within the schools.
- Increasing population in the primary grade levels, requires the acquisition of additional space. St. Mary's School will be leased and renovated as Riverview School Annex to provide additional classroom space.
- New Jersey Student Learning Assessments continue to require investment in technology.
- Alignment to the New Jersey Student Learning Standards will require additional professional development expenses and purchase of supporting teacher resources.
- The State adoption of the Next Generation of Science Standards and new assessment continue to require additional teacher professional development.
- The Denville Board of Education has adopted a strategic curriculum plan to regularly review and update subject area curriculum. Some funding is needed to compensate staff for participation in curriculum review and writing committees.

## **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, 2<sup>nd</sup> Floor, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,480,108	\$ 9,128	\$ 2,489,236
Interfunds Receivable	631		631
Receivables from Federal Governments	174,332		174,332
Receivables from State Governments	2,190		2,190
Other Accounts Receivable	957		957
Restricted Cash and Cash Equivalents	7,004,977		7,004,977
Capital Assets:			
Sites (Land)	105,150		105,150
Depreciable Buildings and Building Improvements and Machinery and Equipment	14,606,036	134,591	14,740,627
Total Assets	<u>24,374,381</u>	<u>143,719</u>	<u>24,518,100</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,790,835		1,790,835
Total Deferred Outflows of Resources	<u>1,790,835</u>		<u>1,790,835</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,000,789	7,392	1,008,181
Payable to Federal Government	16		16
Payable to State Government	1,550		1,550
Unearned Revenue	9,051		9,051
Noncurrent Liabilities:			
Due Within One Year	113,152		113,152
Due Beyond one Year	10,229,683		10,229,683
Total Liabilities	<u>11,354,241</u>	<u>7,392</u>	<u>11,361,633</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	3,556,561		3,556,561
Total Deferred Outflows of Resources	<u>3,556,561</u>		<u>3,556,561</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,335,249	134,591	13,469,840
Restricted for:			
Capital Projects	5,504,266		5,504,266
Maintenance Reserve Account	1,500,711		1,500,711
Excess Surplus	400,000		400,000
Unrestricted/(Deficit)	<u>(9,485,812)</u>	<u>1,736</u>	<u>(9,484,076)</u>
Total Net Position	<u>\$ 11,254,414</u>	<u>\$ 136,327</u>	<u>\$ 11,390,741</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, 2020

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	\$ 16,032,026	\$ 121,684	\$ 4,477,271	\$ (11,433,071)		\$ (11,433,071)
Special Education	6,870,793		3,496,605	(3,374,188)		(3,374,188)
Other Special Instruction	576,033		170,984	(405,049)		(405,049)
Other Instruction	305,885		85,330	(220,555)		(220,555)
Support Services:						
Tuition	380,013			(380,013)		(380,013)
Student & Instruction Related Services	4,765,790		79,625	(4,686,165)		(4,686,165)
General Administrative Services	1,023,060		15,534	(1,007,526)		(1,007,526)
School Administrative Services	2,069,539		435,224	(1,634,315)		(1,634,315)
Central Services	477,332		11,634	(465,698)		(465,698)
Administration Information Technology	377,018		7,148	(369,870)		(369,870)
Plant Operations and Maintenance	3,384,301		41,281	(3,343,020)		(3,343,020)
Pupil Transportation	2,582,921		36,242	(2,546,679)		(2,546,679)
Transfer to Charter Schools	40,268			(40,268)		(40,268)
Capital Outlay	4,704			(4,704)		(4,704)
Total Governmental Activities	38,889,682	121,684	8,856,878	(29,911,120)		(29,911,120)

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 66,226	\$ 13,126	\$ 11,699	\$ (41,401)	\$ (41,401)	\$ (41,401)
Total Business-Type Activities	66,226	13,126	11,699	(41,401)	(41,401)	(41,401)
Total Primary Government	\$ 38,955,908	\$ 134,810	\$ 8,868,577	\$ (29,911,120)	(41,401)	(29,952,521)
General Revenues and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				31,168,585		31,168,585
Federal and State Aid not Restricted				10,741		10,741
Interest and Unrestricted Miscellaneous Revenue				224,826	234	225,060
Transfers				(19,038)	19,038	
Total General Revenues and Transfers				31,385,114	19,272	31,404,386
Change in Net Position				1,473,994	(22,129)	1,451,865
Net Position - Beginning (Restated)				9,780,420	158,456	9,938,876
Net Position - Ending				\$ 11,254,414	\$ 136,327	\$ 11,390,741

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, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,474,431	\$ 5,677	\$ 2,480,108
Interfund Receivables	631		631
Receivables from State Government	174,332		174,332
Receivables from Federal Government		2,190	2,190
Other Accounts Receivable	957		957
Restricted Cash and Cash Equivalents	7,004,977		7,004,977
Total Assets	\$ 9,655,328	\$ 7,867	\$ 9,663,195
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable - Vendors	\$ 466,039	\$ 750	\$ 466,789
Payable to Federal Government		16	16
Payable to State Government		1,550	1,550
Unearned Revenue	3,500	5,551	9,051
Total Liabilities	469,539	7,867	477,406
Fund Balances:			
Restricted:			
Capital Reserve Account	5,504,266		5,504,266
Maintenance Reserve Account	1,500,711		1,500,711
Excess Surplus - 2021-2022	200,000		200,000
Excess Surplus - 2020-2021	200,000		200,000
Assigned:			
Other Purposes	1,115,810		1,115,810
Designated for Subsequent Year's Expenditures	176,231		176,231
Unassigned	488,771		488,771
Total Fund Balances	9,185,789		9,185,789
Total Liabilities and Fund Balances	\$ 9,655,328	\$ 7,867	

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.	14,711,186
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds	(8,724,179)
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 and Inflows	(2,299,726)
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 8)	(1,618,656)
Net Position of Governmental Activities	\$ 11,254,414

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, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 31,168,585		\$ 31,168,585
Tuition	121,684		121,684
Interest Earned on Maintenance Reserve Funds	45,145		45,145
Interest on Capital Reserve Funds	100		100
Unrestricted Miscellaneous	179,581	\$ 5,491	185,072
Total - Local Sources	31,515,095	5,491	31,520,586
State Sources	6,084,526	2,681	6,087,207
Federal Sources	10,741	425,762	436,503
Total Revenues	37,610,362	433,934	38,044,296
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	9,042,054	50,930	9,092,984
Special Education Instruction	3,706,446	383,004	4,089,450
Other Special Instruction	303,417		303,417
Other Instruction	169,835		169,835
Support Services and Undistributed Costs:			
Tuition	380,013		380,013
Student & Instruction Related Services	3,738,014		3,738,014
General Administrative Services	693,546		693,546
School Administrative Services	1,168,675		1,168,675
Central Services	336,880		336,880
Administration Information Technology	207,723		207,723
Plant Operations and Maintenance	2,785,317		2,785,317
Pupil Transportation	1,690,172		1,690,172
Allocated and Unallocated Benefits	11,162,947		11,162,947
Capital Outlay	434,376		434,376
Transfer of Funds to Charter Schools	40,268		40,268
Total Expenditures	35,859,683	433,934	36,293,617
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,750,679	-0-	1,750,679
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers In/(Out)	(19,038)		(19,038)
Total Other Financing Sources/(Uses)	(19,038)	-0-	(19,038)
Net Change in Fund Balances	1,731,641		1,731,641
Fund Balance—July 1	7,454,148	-0-	7,454,148
Fund Balance—June 30	\$ 9,185,789	\$ -0-	\$ 9,185,789

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,731,641

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

Capital outlays 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 Outlays	\$ 484,481	
	Depreciation	<u>(941,814)</u>	
			(457,333)

Repayment of capital 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. 151,450

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	971,012
Change in Deferred Outflows	(925,569)
Change in Deferred Inflows	(32,690)

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 (+). 35,483

Change in Net Position of Governmental Activities (A-2) \$ 1,473,994

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, 2020

	Business-type Activities - Enterprise Funds
	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,128
Total Current Assets	9,128
Non-Current Assets:	
Capital Assets	171,412
Less: Accumulated Depreciation	(36,821)
Total Non-Current Assets	134,591
Total Assets	143,719
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	7,392
Total Current Liabilities	7,392
Total Liabilities	7,392
<b>NET POSITION:</b>	
Investment in Capital Assets	134,591
Unrestricted	1,736
Total Net Position	\$ 136,327

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, 2020

	Business-type Activities - Enterprise Fund Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 13,126
Total Operating Revenue	13,126
Operating Expenses:	
Cost of Sales - Reimbursable Programs	27,715
Cost of Sales - Non-Reimbursable Program	19,038
Salaries	8,000
Depreciation	11,230
Miscellaneous Expenses	243
Total Operating Expenses	66,226
Operating Loss	(53,100)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	11,699
Local Sources:	
Interest Revenue	234
Total Non-Operating Revenue	11,933
Change in Net Position Before Transfer	(41,167)
Transfer - General Fund	19,038
Change in Net Position After Transfer	(22,129)
Net Position - Beginning of Year (Restated)	158,456
Net Position - End of Year	\$ 136,327

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, 2020

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,126
Payments for Salaries	(8,000)
Payments to Suppliers	(41,031)
Net Cash Used for Operating Activities	(35,905)
Cash Flows from Investing Activities:	
Interest Revenue	234
Net Cash Provided by Investing Activities	234
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	12,802
Interfund Returned - General Fund	1,886
Transfer - General Fund	19,038
Net Cash Provided by Noncapital Financing Activities	33,726
Net Decrease in Cash and Cash Equivalents	(1,945)
Cash and Cash Equivalents, July 1	11,073
Cash and Cash Equivalents, June 30	\$ 9,128
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (53,100)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	11,230
Changes in Assets and Liabilities:	
Increase in Accounts Payable	5,965
Net Cash Used for Operating Activities	\$ (35,905)

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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

	Agency	Flexible Spending Trust	Unemployment Compensation Trust
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 72,120	\$ 30,456	\$ 443,425
Total Assets	72,120	30,456	443,425
<b>LIABILITIES:</b>			
Interfund Payable - General Fund	631		
Due to Student Groups	71,489		
Total Liabilities	72,120		
<b>NET POSITION:</b>			
Held in Trust for Unemployment Claims			443,425
Held in Trust for Flexible Spending Claims		30,456	
Total Net Position	\$ -0-	\$ 30,456	\$ 443,425

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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Flexible Spending Trust	Unemployment Compensation Trust	Totals
<b>ADDITIONS:</b>			
Contributions:			
Board Contributions		\$ 175,000	\$ 175,000
Plan Member	\$ 75,807	70,197	146,004
Total Contributions	75,807	245,197	321,004
Total Additions	75,807	245,197	321,004
<b>DEDUCTIONS:</b>			
Unemployment Benefit Claims		47,832	47,832
Flexible Spending Claims	73,681		73,681
Total Deductions	73,681	47,832	121,513
Change in Net Position	2,126	197,365	199,491
Net Position - Beginning of the Year	28,330	246,060	274,390
Net Position - End of the Year	\$ 30,456	\$ 443,425	\$ 473,881

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, 2020

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, except those that are fiduciary. 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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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. 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 School District segregates transactions related to certain School 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, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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 (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.

Debt Service Fund: 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary 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 acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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.

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, 2020 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. 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 37,624,286	\$ 467,501
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.		(33,567)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	132,293	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(146,217)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 37,610,362</u>	<u>\$ 433,934</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,859,683	\$ 467,501
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>(33,567)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 35,859,683</u>	<u>\$ 433,934</u>

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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

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.

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.

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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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.

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, 2020.

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
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. 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, 2020  
(Continued)

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

M. 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, 2020.

N. 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.

O. 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.

P. Fund Balance Appropriated:

General Fund: Of the \$9,185,789 General Fund fund balance at June 30, 2020, \$5,504,266 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, 2022; \$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, 2021; \$1,115,810 is assigned for encumbrances; \$176,231 is designated for subsequent year's expenditures; and \$488,771 is unassigned which is \$146,217 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, 2021.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2020 is \$0.



DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

P. 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.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$9,485,812 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.

R. 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, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

R. Net Position: (Cont'd)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, 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.

S. 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 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 of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education 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, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. 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 of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and designated for subsequent year's expenditures in the General Fund at June 30, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School 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.

U. 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 School 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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.

V. 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.

W. 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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.

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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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
- (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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Investments: (Cont'd)

- (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, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and</u>	<u>Restricted Cash and Cash Equivalents</u>		
	Cash	Capital	Maintenance	
	Equivalents	Reserve	Reserve	Total
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>
Checking Accounts	\$ 3,035,237	\$ 5,504,266	\$ 1,500,711	\$ 10,040,214
	<u>\$ 3,035,237</u>	<u>\$ 5,504,266</u>	<u>\$ 1,500,711</u>	<u>\$ 10,040,214</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$10,040,214 and the bank balance was \$10,505,374.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 3,580,874
Interest Earnings	45,145
Transfer by Board Resolution June 22, 2020	<u>1,878,247</u>
Ending Balance, June 30, 2020	<u>\$ 5,504,266</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, 2020, the District transferred funds into certain non-equipment capital outlay accounts which did not required the approval of the County Superintendent of Schools.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$700,000 was established by the Denville Township School 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.

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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 1,204,562
Interest Earnings	100
Transfer by Board Resolution June 22, 2020	484,291
Withdrawal By Board Resolution	<u>(188,242)</u>
Ending Balance, June 30, 2020	<u>\$ 1,500,711</u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	(Restated)			
	Beginning	Increases	Adjustments/ Decreases	Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 105,150			\$ 105,150
Construction in Progress	<u>1,054,256</u>	<u>\$ 228,744</u>	<u>\$(1,283,000)</u>	
Total Capital Assets Not Being Depreciated	<u>1,159,406</u>	<u>228,744</u>	<u>(1,283,000)</u>	<u>105,150</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	27,243,521	18,000	1,283,000	28,544,521
Machinery and Equipment	<u>3,258,421</u>	<u>237,737</u>		<u>3,496,158</u>
Total Capital Assets Being Depreciated	<u>30,501,942</u>	<u>255,737</u>	<u>1,283,000</u>	<u>32,040,679</u>
Governmental Activities Capital Assets	<u>31,661,348</u>	<u>484,481</u>		<u>32,145,829</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(14,454,062)	(748,482)		(15,202,544)
Machinery and Equipment	<u>(2,038,767)</u>	<u>(193,332)</u>		<u>(2,232,099)</u>
	<u>(16,492,829)</u>	<u>(941,814)</u>		<u>(17,434,643)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,168,519</u>	<u>\$ (457,333)</u>	<u>\$ -0-</u>	<u>\$ 14,711,186</u>



DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 171,412			\$ 171,412
Less Accumulated Depreciation	<u>(25,591)</u>	<u>\$ (11,230)</u>		<u>(36,821)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 145,821</u>	<u>\$ (11,230)</u>	<u>\$ -0-</u>	<u>\$ 134,591</u>

As of June 30, 2020, the District has \$-0- in active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 26,375
Media Services	77,984
Student and Instructional Support Services	23,554
General Administrative	133,660
School Administrative	33,605
Plant Operations and Maintenance	155,499
Pupil Transportation	<u>491,137</u>
	<u>\$ 941,814</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Adjustment/ Retired	Balance 6/30/2020
Compensated Absences Payable	\$ 278,202		\$ 35,483	\$ 242,719
Net Pension Liability	9,695,191		971,012	8,724,179
Capital Leases Payable	<u>1,527,387</u>		<u>151,450</u>	<u>1,375,937</u>
	<u>\$ 11,500,780</u>	<u>\$ -0-</u>	<u>\$ 1,157,945</u>	<u>\$ 10,342,835</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Premiums:

As of June 30, 2020, the Board had no unamortized bond issuance premiums.

B. Bonds Payable:

As of June 30, 2020, the Board had no bonds payable.

C. Bonds Authorized But Not Issued:

As of June 30, 2020, 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 \$242,719. There is no current portion of the compensated absences liability at June 30, 2020. 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, 2020, no liability existed for compensated absences in the Food Service Fund.

E. Capital Leases Payable:

The District is leasing photocopiers, efficient energy equipment, computer equipment, maintenance vehicles and school buses under capital leases. The District has entered into capital leases totaling \$2,026,800 of which \$650,863 has been liquidated as of June 30, 2020. The capital leases payable will be liquidated by the General Fund. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2021	\$ 144,317
2022	145,018
2023	114,604
2024	117,619
2025	120,708
2026-2030	652,581
2031-2032	<u>291,083</u>
Total Minimum Lease Payments	1,585,930
Less: Amount Representing Interest	<u>(209,993)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 1,375,937</u></u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

E. Capital Leases Payable: (Cont'd)

The current portion for governmental leases is \$113,152 and the long-term portion is \$1,262,785. The capital lease will be liquidated by the General Fund.

F. 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, 2020 is \$-0- and the long-term portion is \$8,724,179. See Note 9 for further information on the PERS.

NOTE 9. 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 Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
1	Members 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, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$473,578 for 2020.

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, 2020, the District's liability was \$8,724,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0484%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized actual pension expense in the amount of \$458,211. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. 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)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 23,056	
	2015	5.72	142,562	
	2016	5.57	705,523	
	2017	5.48		\$(1,252,388)
	2018	5.63		(1,012,044)
	2019	5.21		(763,703)
			<u>871,141</u>	<u>(3,028,135)</u>
Changes in Proportion	2014	6.44	22,253	
	2015	5.72	28,877	
	2016	5.57	86,023	
	2017	5.48		(201,630)
	2018	5.63	91,953	
	2019	5.21		(150,541)
			<u>229,106</u>	<u>(352,171)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		161,024
	2017	5.00		(193,239)
	2018	5.00		(134,413)
	2019	5.00		28,913
				<u>(137,715)</u>
Difference Between Expected and Actual Experience	2015	5.72	39,553	
	2016	5.57	21,411	
	2017	5.48	37,246	
	2018	5.63		(38,540)
	2019	5.21	58,378	
			<u>156,588</u>	<u>(38,540)</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	534,000	
			<u>\$1,790,835</u>	<u>\$(3,556,561)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. 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)

Amounts reported as deferred outflows and inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (251,915)
2021	(817,206)
2022	(729,717)
2023	(342,640)
2024	(35,183)
	\$ (2,176,661)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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-2019.

The actuarial assumptions used in the July 1, 2018 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, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 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>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019 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, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 11,096,720	\$ 8,724,179	\$ 6,836,811

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.



DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Plan Description (Cont'd)

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 Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/annual-reports.shtml](http://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:

<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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2020, the State's pension contribution was less than the actuarial determined amount.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$2,523,904 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,210,514.

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, 2020, the State's proportionate share of the net pension liability associated with the District was \$71,385,608. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.1163%, which was an increase of 0.0021% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		71,385,608
Total	\$	71,385,608

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$4,210,514 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows and inflows of resources (excluding employer specific amounts) related to pensions from the sources on the following page.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. 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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>163,369,676</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

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 is on the following page.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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-2019.

The actuarial assumptions used in the July 1, 2018 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, 2020  
(Continued)

NOTE 9. 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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 70% 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 projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. 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, 2019 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, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 84,179,432	\$ 71,385,608	\$ 60,770,774

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 \$35,240 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$47,855 for the fiscal year ended June 30, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

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 Education 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 GASB Codification Section P50. 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, if any, 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 Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

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
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, 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-2019. 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-2019. 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-2019.



DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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 Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 51,029,752
Changes for Year:	
Service Cost	2,227,663
Interest on the Total OPEB Liability	2,033,949
Changes of Assumptions	708,081
Differences between Expected and Actual Experience	(7,094,757)
Gross Benefit Payments by the State	(1,457,805)
Contributions from Members	43,214
Net Changes	(3,539,655)
Balance at June 30, 2019	\$ 47,490,097

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, 2019 and 2016, respectively, 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:

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount  
(Cont'd)

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 56,104,571	\$ 47,490,097	\$ 40,647,231

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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 39,129,723	\$ 47,490,097	\$ 58,557,515

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of 1,604,913 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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 5,528,808
	2018	9.51		4,755,523
	2019	9.29	\$ 631,862	
			<u>631,862</u>	<u>10,284,331</u>
Differences Between Expected and Actual Experience	2018	9.51		4,495,449
	2019	9.29		7,437,045
				<u>11,932,494</u>
Changes in Proportion	N/A	N/A	1,846,066	229,698
			<u>\$ 2,477,928</u>	<u>\$ 22,446,523</u>

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
2020	\$ (2,898,093)
2021	(2,898,095)
2022	(2,898,095)
2023	(2,898,095)
2024	(2,898,095)
Thereafter	<u>(7,094,490)</u>
	<u>\$ (21,584,963)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. 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. 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 expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 175,000	\$ -0-	\$ 70,197	\$ 47,832	\$ 443,425
2018-2019	-0-	175	57,348	49,239	246,060
2017-2018	100,000	1,017	56,574	81,137	237,776

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, 2020 is as follows:

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Total Assets	<u>\$</u>	<u>384,022,002</u>
Net Position	<u>\$</u>	<u>139,233,105</u>
Total Revenue	<u>\$</u>	<u>144,445,665</u>
Total Expenses	<u>\$</u>	<u>113,037,156</u>
Change in Net Position	<u>\$</u>	<u>31,408,509</u>
Net Assets Distribution to Participating Members	<u>\$</u>	<u>-0-</u>

Property, Liability and Health Benefits

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 12. 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.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 631	
Fiduciary Fund		631
	<u>\$ 631</u>	<u>\$ 631</u>

The interfund between the General Fund and the Payroll Agency Fund represents the unallocated balance in the Net Payroll Account as of June 30, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 14. 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 15. 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.

NOTE 16. 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances:

The following encumbrance balances existed as of June 30, 2020:

	Governmental Funds		
	General	Special	Total
	Fund	Revenue Fund	Governmental Funds
Encumbrances	\$1,115,810	\$ 40,614	\$ 1,156,424

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$40,614 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.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

	Governmental Funds		Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Proprietary Fund Food Service Fund
	General Fund	Special Revenue Fund				
Vendors	\$466,039	\$ 750	\$ 466,789		\$ 466,789	\$ 7,392
State of New Jersey				\$ 534,000	534,000	
	\$466,039	\$ 750	\$ 466,789	\$ 534,000	\$ 1,000,789	\$ 7,392

NOTE 18. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 19. PRIOR YEAR ADJUSTMENTS

The District made a prior year adjustment to the District Wide Financial Statements to record an adjustment to correct the amount capital assets recorded as of June 30, 2019.

	Balance 6/30/19 as Previously Reported	Retroactive Adjustments	Balance 6/30/19 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Assets:			
Capital Assets:			
Construction in Progress	\$ 1,462,337	\$ (408,081)	\$ 1,054,256
Depreciable Buildings and Building Improvements and Machinery and Equipment	13,738,045	271,068	14,009,113
Total Assets	22,875,859	(137,013)	22,738,846
Net Position:			
Net Investment in Capital Assets	13,778,145	(137,013)	13,641,132
Total Net Position	9,917,433	(137,013)	9,780,420
<u>Business-Type Activities:</u>			
Statement of Net Position:			
Assets:			
Capital Assets:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	44,983	100,838	145,821
Total Assets	59,045	100,838	159,883
Net Position:			
Net Investment in Capital Assets	44,983	100,838	145,821
Total Net Position	57,618	100,838	158,456
<u>Statement of Revenue, Expenses and Changes in</u>			
<u>Fund Net Position:</u>			
<u>Proprietary Funds - Food Service:</u>			
Total Net Position	57,618	100,838	158,456



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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0479233275%	0.0491152006%	0.0506516473%	0.0486080856%	0.0492404107%	0.0484179467%
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
District's covered employee payroll	\$ 3,348,994	\$ 3,376,954	\$ 3,282,452	\$ 3,264,344	\$ 3,367,420	\$ 3,647,026
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%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 395,073	\$ 422,259	\$ 449,982	\$ 463,331	\$ 494,591	\$ 473,578
Contributions in relation to the contractually required contribution	(395,073)	(422,259)	(449,982)	(463,331)	(494,591)	(473,578)
Contribution deficiency/(excess)	\$ -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
Contributions as a percentage of covered employee payroll	11.70%	12.86%	13.78%	13.76%	13.56%	12.79%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.1119457853%	0.1135165468%	0.1129110845%	0.1106836927%	0.1141582583%	0.1163182506%
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
District's covered employee payroll	\$ 11,200,315	\$ 11,244,788	\$ 11,453,910	\$ 12,118,439	\$ 12,199,498	\$ 12,512,883
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%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

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

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 3,045,740	\$ 2,529,390	\$ 2,227,663
Interest Cost	1,894,309	2,198,770	2,033,949
Changes in Assumptions	(8,150,799)	(5,855,919)	708,081
Differences between Expected and Actual Experience		(6,066,802)	(7,094,757)
Member Contributions	50,782	47,160	43,214
Gross Benefit Payments	(1,379,111)	(1,364,517)	(1,457,805)
Net Change in Total OPEB Liability	(4,539,079)	(8,511,918)	(3,539,655)
Total OPEB Liability - Beginning	64,080,749	59,541,670	51,029,752
Total OPEB Liability - Ending	<u>\$ 59,541,670</u>	<u>\$ 51,029,752</u>	<u>\$ 47,490,097</u>
District's Covered Employee Payroll *	\$ 14,736,362	\$ 15,382,783	\$ 15,566,918
Total OPEB Liability as a Percentage of Covered Employee Payroll	404%	332%	305%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 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, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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-2019.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: 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-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.



DENVILLE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 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-2019. 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-2019. 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-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 31,168,585		\$ 31,168,585	\$ 31,168,585	
Tuition from Other LEAs	82,000		82,000	77,151	\$ (4,849)
Tuition from Individuals		\$ 30,000	30,000	44,533	14,533
Interest Earned on Maintenance Reserve Funds	100		100	45,145	45,045
Interest Earned on Capital Reserve Funds	100		100	100	
Other Restricted Miscellaneous	30,000	(30,000)			
Unrestricted Miscellaneous	1,500		1,500	179,581	178,081
<b>Total - Local Sources</b>	<b>31,282,285</b>		<b>31,282,285</b>	<b>31,515,095</b>	<b>232,810</b>
State Sources:					
Special Education Categorical Aid	1,172,772		1,172,772	1,172,772	
Categorical Security Aid	29,235		29,235	29,235	
Categorical Transportation Aid	295,264		295,264	295,264	
Extraordinary Aid	168,000		168,000	172,652	4,652
Nonpublic School Transportation Costs				1,680	1,680
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,523,904	2,523,904
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				45,238	45,238
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				953,105	953,105
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,640	2,640
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				901,960	901,960
<b>Total State Sources</b>	<b>1,665,271</b>		<b>1,665,271</b>	<b>6,098,450</b>	<b>4,433,179</b>
Federal Sources:					
Medicaid Reimbursement	18,692		18,692	10,741	(7,951)
<b>Total Federal Sources</b>	<b>18,692</b>		<b>18,692</b>	<b>10,741</b>	<b>(7,951)</b>
<b>TOTAL REVENUES</b>	<b>32,966,248</b>		<b>32,966,248</b>	<b>37,624,286</b>	<b>4,658,038</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 491,806	\$ (3,999)	\$ 487,807	\$ 466,634	\$ 21,173
Grades 1-5 - Salaries of Teachers	4,565,194	(9,964)	4,555,230	4,488,031	67,199
Grades 6-8 - Salaries of Teachers	2,971,272	(10,639)	2,960,633	2,873,476	87,157
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000		10,000	9,887	113
Purchased Professional - Educational Services	10,650	(6,852)	3,798	3,798	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	9,250	(2)	9,248	9,248	
Purchased Technical Services	548,732	110,370	659,102	495,956	163,146
Other Purchased Services (400-500 series)	14,540	(5,082)	9,458	9,457	1
General Supplies	501,598	153,053	654,651	466,190	188,461
Textbooks	79,000	140,500	219,500	219,377	123
<b>Total Regular Programs - Instruction</b>	<b>9,202,042</b>	<b>367,385</b>	<b>9,569,427</b>	<b>9,042,054</b>	<b>527,373</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	548,892	23,197	572,089	560,828	11,261
Other Salaries for Instruction	273,967	(25,001)	248,966	241,245	7,721
General Supplies	16,866	(1,000)	15,866	14,985	881
<b>Total Learning and/or Language Disabilities</b>	<b>839,725</b>	<b>(2,804)</b>	<b>836,921</b>	<b>817,058</b>	<b>19,863</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,754,596	\$ (25,500)	\$ 1,729,096	\$ 1,689,245	\$ 39,851
Other Salaries for Instruction	830,408		830,408	820,990	9,418
General Supplies	8,500	(2,000)	6,500	5,697	803
<b>Total Resource Room/Resource Center</b>	<b>2,593,504</b>	<b>(27,500)</b>	<b>2,566,004</b>	<b>2,515,932</b>	<b>50,072</b>
Preschool Disabilities - Part-time:					
Salaries of Teachers	274,402		274,402	254,533	19,869
Other Salaries for Instruction	92,363	20,700	113,063	112,175	888
General Supplies	7,759	(500)	7,259	6,748	511
<b>Total Preschool Disabilities - Part-time</b>	<b>374,524</b>	<b>20,200</b>	<b>394,724</b>	<b>373,456</b>	<b>21,268</b>
<b>Total Special Education Instruction</b>	<b>3,807,753</b>	<b>(10,104)</b>	<b>3,797,649</b>	<b>3,706,446</b>	<b>91,203</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	255,103	(400)	254,703	252,603	2,100
General Supplies	4,000	(2,500)	1,500	1,026	474
<b>Total Basic Skills/Remedial - Instruction</b>	<b>259,103</b>	<b>(2,900)</b>	<b>256,203</b>	<b>253,629</b>	<b>2,574</b>
Bilingual Education - Instruction:					
Salaries of Teachers	54,328		54,328	49,788	4,540
<b>Total Bilingual Education - Instruction</b>	<b>54,328</b>		<b>54,328</b>	<b>49,788</b>	<b>4,540</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 126,044	\$ 24,753	\$ 150,797	\$ 108,252	\$ 42,545
Purchased Services (300-500 series)	17,410	2,489	19,899	10,265	9,634
Supplies and Materials	3,950	1,218	5,168	5,168	
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>147,404</b>	<b>28,460</b>	<b>175,864</b>	<b>123,685</b>	<b>52,179</b>
School-Sponsored Athletics - Instruction:					
Salaries	67,746		67,746	42,657	25,089
Purchased Services (300-500 series)	8,000		8,000	3,493	4,507
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>75,746</b>		<b>75,746</b>	<b>46,150</b>	<b>29,596</b>
<b>Total Instruction</b>	<b>13,546,376</b>	<b>382,841</b>	<b>13,929,217</b>	<b>13,221,752</b>	<b>707,465</b>
Undistributed Expenditures:					
Instruction:					
Tuition to other LEAs Within State - Regular		1,000	1,000	750	250
Tuition to Other LEAs Within the State - Special		140,560	140,560	129,180	11,380
Tuition to County Special Services Schools and Regional Day Schools	111,751	(3,967)	107,784	103,828	3,956
Tuition to Private Schools for the Disabled - Within the State	473,800	(187,931)	285,869	146,255	139,614
<b>Total Undistributed Expenditures - Instruction:</b>	<b>585,551</b>	<b>(50,338)</b>	<b>535,213</b>	<b>380,013</b>	<b>155,200</b>
Health Services:					
Salaries	315,296	(10,900)	304,396	266,929	37,467
Purchased Professional and Technical Services	6,000	(6,000)			
Supplies and Materials	18,464	16,397	34,861	31,764	3,097
<b>Total Health Services</b>	<b>339,760</b>	<b>(503)</b>	<b>339,257</b>	<b>298,693</b>	<b>40,564</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Speech, OT, PT, and Related Services:					
Salaries	\$ 336,000	\$ 2,600	\$ 338,600	\$ 336,780	\$ 1,820
Purchased Professional - Educational Services	340,415	(26,650)	313,765	305,465	8,300
Supplies and Materials	4,625	(700)	3,925	3,063	862
<b>Total Speech, OT, PT, and Related Services</b>	<b>681,040</b>	<b>(24,750)</b>	<b>656,290</b>	<b>645,308</b>	<b>10,982</b>
Other Support Services - Students - Extraordinary Services:					
Salaries	510,118	41,575	551,693	439,024	112,669
Purchased Professional - Educational Services	253,872	36,736	290,608	202,228	88,380
Supplies and Materials	15,198	10,909	26,107	26,107	
<b>Total Other Support Services - Students - Extraordinary Services</b>	<b>779,188</b>	<b>89,220</b>	<b>868,408</b>	<b>667,359</b>	<b>201,049</b>
Guidance:					
Salaries of Other Professional Staff	357,378		357,378	351,647	5,731
Supplies and Materials	9,000	(1,674)	7,326	2,998	4,328
<b>Total Guidance</b>	<b>366,378</b>	<b>(1,674)</b>	<b>364,704</b>	<b>354,645</b>	<b>10,059</b>
Child Study Teams:					
Salaries of Other Professional Staff	945,806	2,550	948,356	943,461	4,895
Salaries of Secretarial and Clerical Assistants	100,274	2,200	102,474	101,398	1,076
Purchased Professional - Educational Services	26,306	(999)	25,307	24,562	745
Other Purchased Services	2,000	(850)	1,150	148	1,002
Supplies and Materials	8,447	9,788	18,235	3,427	14,808
Other Objects	20,811	(2,000)	18,811	16,840	1,971
<b>Total Child Study Teams</b>	<b>1,103,644</b>	<b>10,689</b>	<b>1,114,333</b>	<b>1,089,836</b>	<b>24,497</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 48,263		\$ 48,263		\$ 48,263
Salaries of Other Professional Staff	16,000		16,000	\$ 6,099	9,901
Purchased Professional - Educational Services	5,300		5,300	2,270	3,030
Other Purchased Services (400-500 series)	1,500		1,500	42	1,458
Supplies and Materials	500		500	184	316
<b>Total Improvement of Instructional Services</b>	<b>71,563</b>		<b>71,563</b>	<b>8,595</b>	<b>62,968</b>
Educational Media Services/School Library:					
Salaries	249,484		249,484	246,940	2,544
Purchased Professional and Technical Services	100,343	\$ 294	100,637	100,636	1
Other Purchased Services (400-500 series)	134,663	(293)	134,370	57,237	77,133
Supplies and Materials	29,733	4,419	34,152	25,012	9,140
<b>Total Educational Media Services/School Library</b>	<b>514,223</b>	<b>4,420</b>	<b>518,643</b>	<b>429,825</b>	<b>88,818</b>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	231,105	(13,300)	217,805	191,203	26,602
Other Salaries	11,628	500	12,128	12,033	95
Purchased Professional - Educational Services	57,500	(23,865)	33,635	20,762	12,873
Other Purchased Services (400-500 series)	35,250	(2,300)	32,950	19,755	13,195
<b>Total Instructional Staff Training Services</b>	<b>335,483</b>	<b>(38,965)</b>	<b>296,518</b>	<b>243,753</b>	<b>52,765</b>



DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 416,886	\$ 53,999	\$ 470,885	\$ 440,660	\$ 30,225
Legal Services	129,103	(20,000)	109,103	49,881	59,222
Audit Fees	61,295	705	62,000	31,000	31,000
Architectural/Engineering Services	9,800	41,750	51,550	51,550	
Other Purchased Professional Services	61,653	(5,205)	56,448	50,138	6,310
Communications/Telephone	51,937	(1,000)	50,937	46,135	4,802
BOE Other Purchased Services	7,610		7,610	3,302	4,308
Miscellaneous Purchased Services (400-500 series)	4,200		4,200	2,937	1,263
General Supplies	3,500		3,500	3,103	397
Judgements Against the School District	45,000		45,000		45,000
Miscellaneous Expenditures	24,800	(7,875)	16,925	14,840	2,085
<b>Total Support Services - General Administration</b>	<b>815,784</b>	<b>62,374</b>	<b>878,158</b>	<b>693,546</b>	<b>184,612</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	784,697	(25,699)	758,998	744,678	14,320
Salaries of Secretarial and Clerical Assistants	407,973	1	407,974	401,533	6,441
Other Purchased Services (400-500 series)	3,000	(2,163)	837	836	1
Supplies and Materials	12,000	(1,245)	10,755	10,440	315
Other Objects	14,709	(2,309)	12,400	11,188	1,212
<b>Total Support Services - School Administration</b>	<b>1,222,379</b>	<b>(31,415)</b>	<b>1,190,964</b>	<b>1,168,675</b>	<b>22,289</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Central Services:					
Salaries	\$ 332,445	\$ 1,475	\$ 333,920	\$ 330,019	\$ 3,901
Miscellaneous Purchased Services (400-500 series)	1,000	(251)	749	475	274
Supplies and Materials	3,200	300	3,500	3,271	229
Miscellaneous Expenditures	2,000	1,125	3,125	3,115	10
Total Central Services	338,645	2,649	341,294	336,880	4,414
Administration Information Technology:					
Salaries	223,304	(7,274)	216,030	202,773	13,257
Other Purchased Services (400-500 series)	16,705	(300)	16,405	4,209	12,196
Supplies and Materials	1,300		1,300	741	559
Total Administration Information Technology	241,309	(7,574)	233,735	207,723	26,012
Required Maintenance of School Facilities:					
Salaries	220,032	(9,000)	211,032	193,234	17,798
Cleaning, Repair and Maintenance Services	390,517	186,674	577,191	545,063	32,128
General Supplies	52,268	88,197	140,465	75,053	65,412
Other Objects	30,700	(16,054)	14,646	14,645	1
Total Required Maintenance of School Facilities	693,517	249,817	943,334	827,995	115,339

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
Salaries	\$ 847,551	\$ (27,940)	\$ 819,611	\$ 722,917	\$ 96,694
Salaries of Non-Instructional Aides	155,679	(16,500)	139,179	130,011	9,168
Purchased Professional and Technical Services	8,000	4,000	12,000	9,825	2,175
Cleaning, Repair and Maintenance Services	12,200		12,200	11,295	905
Rental of Land and Building Other Than Lease-Purchase Agreements		250,000	250,000	250,000	
Other Purchased Property Services	25,000	(6,000)	19,000	12,952	6,048
Insurance	159,000	(5,000)	154,000	148,965	5,035
Miscellaneous Purchased Services	40,070	(8,820)	31,250	30,951	299
General Supplies	92,903	49,617	142,520	64,718	77,802
Energy (Electricity)	204,940	22,903	227,843	130,637	97,206
Energy (Oil)	285,750	(32,000)	253,750	245,344	8,406
<b>Total Custodial Services</b>	<b>1,831,093</b>	<b>230,260</b>	<b>2,061,353</b>	<b>1,757,615</b>	<b>303,738</b>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	72,908	(8,000)	64,908	58,174	6,734
General Supplies	8,000	(3,000)	5,000	3,980	1,020
<b>Total Care and Upkeep of Grounds</b>	<b>80,908</b>	<b>(11,000)</b>	<b>69,908</b>	<b>62,154</b>	<b>7,754</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Security:					
Salaries	\$ 145,760	\$ (2,000)	\$ 143,760	\$ 124,907	\$ 18,853
Purchased Professional and Technical Services	14,651	2,759	17,410	12,322	5,088
General Supplies	2,324	(459)	1,865	324	1,541
<b>Total Security</b>	<b>162,735</b>	<b>300</b>	<b>163,035</b>	<b>137,553</b>	<b>25,482</b>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	1,093,872	(47,474)	1,046,398	906,897	139,501
Other Than Between Home and School	196,150	(53,126)	143,024	73,558	69,466
Cleaning, Repair and Maintenance Services	24,000	8,000	32,000	24,429	7,571
Lease Purchase Payments - School Buses	57,589	47,030	104,619	104,619	
Contracted Services:					
Aid in Lieu - Nonpublic Schools	118,328	(6,949)	111,379	41,644	69,735
Special Education Students - ESC's & CTSA's	292,500	54,000	346,500	344,099	2,401
Miscellaneous Purchased Services - Transportation	33,000	(7,254)	25,746	20,796	4,950
Transportation Supplies	216,500	11,600	228,100	132,788	95,312
Other Objects	49,830	(1,011)	48,819	41,342	7,477
<b>Total Student Transportation Services</b>	<b>2,081,769</b>	<b>4,816</b>	<b>2,086,585</b>	<b>1,690,172</b>	<b>396,413</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 564,000	\$ (13,668)	\$ 550,332	\$ 478,927	\$ 71,405
Other Retirement Contributions - PERS	533,000		533,000	473,578	59,422
Other Retirement Contributions - ERIP	25,000	(25,000)			
Other Retirement Contributions - Regular	1,180	37,000	38,180	35,240	2,940
Unemployment Compensation	255,000		255,000	175,000	80,000
Workmen's Compensation	167,400	(332)	167,068	166,363	705
Health Benefits	6,408,356	(518,659)	5,889,697	5,331,396	558,301
Tuition Reimbursement	58,993		58,993	51,286	7,707
Other Employee Benefits	80,154		80,154	24,310	55,844
<b>Total Unallocated Benefits</b>	<b>8,093,083</b>	<b>(520,659)</b>	<b>7,572,424</b>	<b>6,736,100</b>	<b>836,324</b>
<b>On-Behalf Contributions:</b>					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,523,904	(2,523,904)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				45,238	(45,238)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				953,105	(953,105)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,640	(2,640)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				901,960	(901,960)
<b>Total On-Behalf Contributions</b>				<b>4,426,847</b>	<b>(4,426,847)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>8,093,083</b>	<b>(520,659)</b>	<b>7,572,424</b>	<b>11,162,947</b>	<b>(3,590,523)</b>
<b>Total Undistributed Expenses</b>	<b>20,338,052</b>	<b>(32,333)</b>	<b>20,305,719</b>	<b>22,163,287</b>	<b>(1,857,568)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>33,884,428</b>	<b>350,508</b>	<b>34,234,936</b>	<b>35,385,039</b>	<b>(1,150,103)</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures - Equipment:					
Instruction	\$ 77,762	\$ (22,999)	\$ 54,763	\$ 54,762	\$ 1
General Administration	50,000	(33,200)	16,800	16,430	370
Non-Instructional Equipment		62,203	62,203	62,203	
<b>Total Equipment</b>	<b>127,762</b>	<b>6,004</b>	<b>133,766</b>	<b>133,395</b>	<b>371</b>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	32,155		32,155	23,493	8,662
Other Purchased Professional and Tech Services	183,694	(169,369)	14,325	7,775	6,550
Construction Services	328,271	1,099	329,370	265,009	64,361
Other Objects - Assessment for Debt Service on SDA Funding	4,704		4,704	4,704	
<b>Total Facilities Acquisition and Construction Services</b>	<b>548,824</b>	<b>(168,270)</b>	<b>380,554</b>	<b>300,981</b>	<b>79,573</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>676,586</b>	<b>(162,266)</b>	<b>514,320</b>	<b>434,376</b>	<b>79,944</b>
Transfer of Funds to Charter Schools	136,056		136,056	40,268	95,788
<b>TOTAL EXPENDITURES</b>	<b>34,697,070</b>	<b>188,242</b>	<b>34,885,312</b>	<b>35,859,683</b>	<b>(974,371)</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,730,822)	(188,242)	(1,919,064)	1,764,603	3,683,667
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Transfer to Cover Deficit - Enterprise Fund	(37,000)		(37,000)	(19,038)	17,962
Total Other Financing Sources/(Uses)	(37,000)		(37,000)	(19,038)	17,962

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (1,767,822)	\$ (188,242)	\$ (1,956,064)	\$ 1,745,565	\$ 3,701,629
Fund Balance, July 1	7,586,441		7,586,441	7,586,441	
Fund Balance, June 30	\$ 5,818,619	\$ (188,242)	\$ 5,630,377	\$ 9,332,006	\$ 3,701,629

Recapitulation:

Restricted:

Excess Surplus - 2021-2022 \$ 200,000  
 Excess Surplus - 2020-2021 200,000  
 Capital Reserve 5,504,266  
 Maintenance Reserve 1,500,711

Assigned:

Year-End Encumbrances 1,115,810  
 Designated for Subsequent Year's Expenditures July 1, 2020 – August 1, 2020 176,231  
 Unassigned 634,988

Reconciliation to Governmental Fund Statement (GAAP):  
 Last State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP) \$ 9,185,789

DENVILLE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 334,019	\$ 132,376	\$ 466,395	\$ 461,874	\$ (4,521)
State Sources	52,265	(16,653)	35,612		(35,612)
Local Sources		8,178	8,178	5,627	(2,551)
<b>Total Revenues</b>	<b>386,284</b>	<b>123,901</b>	<b>510,185</b>	<b>467,501</b>	<b>(42,684)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	11,000	28,568	39,568	10,996	28,572
Purchased Professional - Educational Services	57,265	(52,265)	5,000	5,000	
Tuition	279,793	103,211	383,004	383,004	
General Supplies		16,669	16,669	8,576	8,093
<b>Total Instruction</b>	<b>348,058</b>	<b>96,183</b>	<b>444,241</b>	<b>407,576</b>	<b>36,665</b>
Support Services					
Personal Services - Employee Benefits	6,500	7,349	13,849	13,849	
Purchased Professional - Educational Services	29,726	4,498	34,224	29,781	4,443
Supplies and Materials	2,000	15,871	17,871	16,295	1,576
<b>Total Support Services</b>	<b>38,226</b>	<b>27,718</b>	<b>65,944</b>	<b>59,925</b>	<b>6,019</b>
<b>Total Expenditures</b>	<b>386,284</b>	<b>123,901</b>	<b>510,185</b>	<b>467,501</b>	<b>42,684</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>



DENVILLE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 37,624,286	\$ 467,501
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		(40,614)
Cancellation of Prior Year Encumbrances		(1,566)
Prior Year Encumbrances		8,613
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	132,293	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(146,217)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 37,610,362	\$ 433,934
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,859,683	\$ 467,501
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.		(33,567)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,859,683	\$ 433,934

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, 2020 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. 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, 2020

	<u>Every Student Succeeds Act</u>			<u>CARES Act</u>
	<u>Title I</u>	<u>Title II, Part A</u>	<u>Title IV</u>	<u>Act</u>
<b>REVENUE:</b>				
Local Sources				
Federal Sources	\$ 36,254	\$ 19,329	\$ 8,252	\$ 15,035
<b>Total Revenue</b>	<u>36,254</u>	<u>19,329</u>	<u>8,252</u>	<u>15,035</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	10,996			
Purchased Professional Educational Services	5,000			
Tuition	324		8,252	
General Supplies				
<b>Total Instruction</b>	<u>16,320</u>		<u>8,252</u>	
Support Services:				
Personal Services - Employee Benefits	6,650			7,199
Purchased Professional Educational Services	13,248	16,533		
Supplies and Materials	36	2,796		7,836
<b>Total Support Services</b>	<u>19,934</u>	<u>19,329</u>		<u>15,035</u>
<b>Total Expenditures</b>	<u>\$ 36,254</u>	<u>\$ 19,329</u>	<u>\$ 8,252</u>	<u>\$ 15,035</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Part B		Local Grants	Totals
	Basic	Preschool		
<b>REVENUE:</b>				
Local Sources			\$ 5,627	\$ 5,627
Federal Sources	\$ 361,036	\$ 21,968		\$ 461,874
Total Revenue	361,036	21,968	5,627	467,501
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				10,996
Purchased Professional Educational Services				5,000
Tuition	361,036	21,968		383,004
General Supplies				8,576
Total Instruction	361,036	21,968		407,576
Support Services:				
Personal Services - Employee Benefits				13,849
Purchased Professional Educational Services				29,781
Supplies and Materials			5,627	16,295
Total Support Services			5,627	59,925
Total Expenditures	\$ 361,036	\$ 21,968	\$ 5,627	\$ 467,501

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 9,128
---------------------------	----------

Total Current Assets	9,128
----------------------	-------

## Non-Current Assets:

Capital Assets	171,412
----------------	---------

Less: Accumulated Depreciation	(36,821)
--------------------------------	----------

Total Non-Current Assets	134,591
--------------------------	---------

Total Assets	143,719
--------------	---------

## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	7,392
----------------------------	-------

Total Current Liabilities	7,392
---------------------------	-------

Total Liabilities	7,392
-------------------	-------

## NET POSITION:

Investment in Capital Assets	134,591
------------------------------	---------

Unrestricted	1,736
--------------	-------

Total Net Position	\$ 136,327
--------------------	------------



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, 2020

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 13,126
	<hr/>
Total Operating Revenue	13,126
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Program	27,715
Cost of Sales - Non-Reimbursable Program	19,038
Salaries	8,000
Depreciation	11,230
Miscellaneous Expenses	243
	<hr/>
Total Operating Expenses	66,226
	<hr/>
Operating Loss	(53,100)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	11,699
Local Sources:	
Interest Revenue	234
	<hr/>
Total Non-Operating Revenue	11,933
	<hr/>
Change in Net Position Before Transfer	(41,167)
	<hr/>
Transfer - General Fund	19,038
	<hr/>
Change in Net Position After Transfer	(22,129)
	<hr/>
Net Position - Beginning of Year (Restated)	158,456
	<hr/>
Net Position - End of Year	\$ 136,327
	<hr/> <hr/>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,126
Payments for Salaries	(8,000)
Payments to Suppliers	<u>(41,031)</u>
Net Cash Used for Operating Activities	<u>(35,905)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>234</u>
Net Cash Provided by Investing Activities	<u>234</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	12,802
Interfund Returned - General Fund	1,886
Transfer - General Fund	<u>19,038</u>
Net Cash Provided by Noncapital Financing Activities	<u>33,726</u>
Net Decrease in Cash and Cash Equivalents	(1,945)
Cash and Cash Equivalents, July 1	<u>11,073</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 9,128</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (53,100)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	11,230
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<u>5,965</u>
Net Cash Used for Operating Activities	<u><u>\$ (35,905)</u></u>

FIDUCIARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Agency		Total	Flexible Spending Trust	Unemployment Compensation Trust
	Student Activity	Payroll			
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 71,489	\$ 631	\$ 72,120	\$ 30,456	\$ 443,425
Total Assets	71,489	631	72,120	30,456	443,425
<b>LIABILITIES:</b>					
Interfund Payable - General Fund Due to Student Groups	71,489	631	71,489		
Total Liabilities	71,489	631	72,120		
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims					443,425
Held in Trust for Flexible Spending Claims				30,456	
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 30,456	\$ 443,425

DENVILLE TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Flexible Spending Trust	Unemployment Compensation Trust	Totals
<b>ADDITIONS:</b>			
Contributions:			
Board Contributions		\$ 175,000	\$ 175,000
Plan Member	\$ 75,807	70,197	146,004
Total Contributions	75,807	245,197	321,004
Total Additions	75,807	245,197	321,004
<b>DEDUCTIONS:</b>			
Quarterly Contribution Reports			
Unemployment Benefit Claims		47,832	47,832
Flexible Spending Claims	73,681		73,681
Total Deductions	73,681	47,832	121,513
Change in Net Position	2,126	197,365	199,491
Net Position - Beginning of the Year	28,330	246,060	274,390
Net Position - End of the Year	\$ 30,456	\$ 443,425	\$ 473,881

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 60,920	\$ 213,352	\$ 202,783	\$ 71,489
Total Assets	\$ 60,920	\$ 213,352	\$ 202,783	\$ 71,489
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 60,920	\$ 213,352	202,783	\$ 71,489
Total Liabilities	\$ 60,920	\$ 213,352	\$ 202,783	\$ 71,489

DENVILLE TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Elementary School:				
Riverview	\$ 548	\$ 26,800	\$ 26,408	\$ 940
Middle School:				
Valleyview	<u>60,372</u>	<u>186,552</u>	<u>176,375</u>	<u>70,549</u>
Total All Schools	<u><u>\$ 60,920</u></u>	<u><u>\$ 213,352</u></u>	<u><u>\$ 202,783</u></u>	<u><u>\$ 71,489</u></u>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,113	\$ 21,501,410	\$ 21,501,892	\$ 631
Total Assets	<u>\$ 1,113</u>	<u>\$ 21,501,410</u>	<u>\$ 21,501,892</u>	<u>\$ 631</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings		\$ 21,501,410	\$ 21,501,410	
Interfund Payable - General Fund	\$ 1,113		482	\$ 631
Total Liabilities	<u>\$ 1,113</u>	<u>\$ 21,501,410</u>	<u>\$ 21,501,892</u>	<u>\$ 631</u>



LONG-TERM DEBT

DENVILLE TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2020</u>
2015 Pickup Truck	2.19%	\$ 45,131	\$ 9,220	\$ 9,220	
Energy Conservation Measures	2.31%	1,895,428	1,482,951	107,014	\$ 1,375,937
2016 School Bus	3.69%	86,241	35,216	35,216	
			<u>\$ 1,527,387</u>	<u>\$ 151,450</u>	<u>\$ 1,375,937</u>

## STATISTICAL SECTION

(UNAUDITED)

This part of the District'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 District's overall financial health.

### Contents

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

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019*	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 10,579,418	\$ 11,035,450	\$ 11,819,214	\$ 13,998,457	\$ 14,776,654	\$ 10,703,350	\$ 12,286,161	\$ 12,945,891	\$ 13,641,132	\$ 13,335,249
Restricted	51,565	1,178,959	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965	5,185,436	7,404,977
Unrestricted/(Deficit)	(288,039)	(75,641)	(284,731)	(8,645,202)	(8,716,080)	(6,757,468)	(9,552,690)	(8,258,689)	(9,046,148)	(9,485,812)
Total Governmental Activities Net Position	\$ 10,342,944	\$ 12,138,768	\$ 13,694,137	\$ 7,136,870	\$ 8,773,348	\$ 7,591,878	\$ 7,366,804	\$ 8,541,167	\$ 9,780,420	\$ 11,254,414
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 5,223	\$ 4,467	\$ 12,022	\$ 10,827	\$ 8,159	\$ 60,064	\$ 52,898	\$ 48,855	\$ 145,821	\$ 134,591
Unrestricted	4,463	2,791	6,356	7,961	6,125	1,705	7,780	9,895	12,635	1,736
Total Business-Type Activities Net Position	\$ 9,686	\$ 7,258	\$ 18,378	\$ 18,788	\$ 14,284	\$ 61,769	\$ 60,678	\$ 58,750	\$ 158,456	\$ 136,327
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 10,584,641	\$ 11,039,917	\$ 11,831,236	\$ 14,009,284	\$ 14,784,813	\$ 10,763,414	\$ 12,339,059	\$ 12,994,746	\$ 13,786,953	\$ 13,469,840
Restricted	51,565	1,178,959	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965	5,185,436	7,404,977
Unrestricted/(Deficit)	(283,576)	(72,850)	(278,375)	(8,637,241)	(8,709,955)	(6,755,763)	(9,544,910)	(8,248,794)	(9,033,513)	(9,484,076)
Total District Net Position	\$ 10,352,630	\$ 12,146,026	\$ 13,712,515	\$ 7,155,658	\$ 8,787,632	\$ 7,653,647	\$ 7,427,482	\$ 8,599,917	\$ 9,938,876	\$ 11,390,741

\* - Restated

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,416,249	\$ 11,123,913	\$ 11,913,180	\$ 12,213,187	\$ 14,515,136	\$ 15,496,872	\$ 18,115,297	\$ 18,492,272	\$ 18,796,075	\$ 16,032,026
Special Education	4,222,410	3,891,200	4,171,127	4,165,578	5,050,466	5,251,149	6,415,138	7,304,815	7,124,219	6,870,793
Other Special Instruction	436,124	1,156,852	198,698	518,460	609,585	621,163	691,902	858,522	691,427	576,033
Other Instruction	185,942	188,287	388,978	186,148	247,618	261,729	367,574	334,386	380,798	305,885
Support Services:										
Tuition	877,851	787,721	589,171	576,643	681,191	753,046	713,191	819,361	783,168	380,013
Student & Instruction Related Services	4,340,013	3,826,840	4,200,581	3,979,099	3,762,142	3,765,102	4,110,774	3,965,621	4,870,066	4,765,790
General Administrative Services	719,266	642,441	544,216	587,345	804,991	966,576	837,242	905,336	847,596	1,023,060
School Administrative Services	1,320,786	1,320,456	1,421,966	1,419,211	1,647,044	1,864,563	2,119,772	2,251,688	2,343,562	2,069,539
Central Services	389,230	398,879	414,829	377,014	430,332	450,713	477,381	456,972	505,775	477,332
Administrative Information Technology	471,177	284,025	245,035	284,024	401,695	458,409	417,008	445,885	361,490	377,018
Plant Operations And Maintenance	2,283,187	1,950,087	1,937,597	2,118,264	2,146,437	2,424,721	2,754,553	2,619,201	2,815,321	3,384,301
Pupil Transportation	2,315,131	2,089,554	2,121,798	2,194,261	2,299,967	2,412,540	2,673,210	2,557,365	2,851,468	2,582,921
Capital Outlay	110,403	130,412	1,014,870	125,361	458,195	560,502	409,050	237,103	43,027	4,704
Transfer to Charter School	149,931	136,042	104,099	104,689	146,064	124,953	85,768	77,596	150,082	40,268
Interest On Long-Term Debt			120,566	91,935	73,026	53,301	33,701	14,176		
Total Governmental Activities Expenses	29,237,700	27,926,709	29,386,711	28,941,219	33,273,889	35,465,339	40,221,561	41,340,299	42,564,073	38,889,682

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Business-type activities:										
Food Service	\$ 36,539	\$ 51,604	\$ 33,280	\$ 30,936	\$ 44,233	\$ 57,089	\$ 35,869	\$ 71,580	\$ 67,998	\$ 66,226
Total Business-Type Activities Expense	36,539	51,604	33,280	30,936	44,233	57,089	35,869	71,580	67,998	66,226
Total District Expenses	29,274,239	27,978,313	29,419,991	28,972,155	33,318,122	35,522,428	40,257,430	41,411,879	42,632,071	38,955,908
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Regular Instruction	48,781	66,747	120,205	123,486	237,466	169,181	118,287	239,715	138,481	121,684
Operating Grants and Contributions	3,451,081	3,610,827	4,289,464	4,065,218	6,921,377	8,278,249	10,602,542	12,195,834	12,670,361	8,856,878
Capital Grants and Contributions					700,930					
Total Governmental Activities Program Revenues	3,499,862	3,677,574	4,409,669	4,188,704	7,859,773	8,447,430	10,720,829	12,435,549	12,808,842	8,978,562
Business-Type Activities:										
Charges For Services:										
Food Service	16,881	22,026	14,526	13,648	22,219	11,820	12,280	14,805	14,102	13,126
Operating Grants and Contributions	23,366	27,150	20,889	17,882	19,260	19,450	19,441	19,050	16,445	11,699
Capital Grants and Contributions					59,839					
Total Business Type Activities Program Revenues	40,247	49,176	35,415	31,530	41,479	31,271	31,721	33,855	30,547	24,825
Total District Program Revenues	3,540,109	3,726,750	4,445,084	4,220,234	7,901,252	8,538,539	10,752,550	12,469,404	12,839,389	9,003,387

DENVILLE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue Governmental Activities	\$(25,737,838)	\$(24,249,135)	\$(24,977,042)	\$(24,752,515)	\$(25,414,116)	\$(27,017,909)	\$(29,500,732)	\$(28,904,750)	\$(29,755,231)	\$(29,911,120)
Business-Type Activities	3,708	(2,428)	2,135	594	(2,754)	34,020	(4,148)	(37,725)	(37,451)	(41,401)
Total District-Wide Net Expense	\$(25,734,130)	\$(24,251,563)	\$(24,974,907)	\$(24,751,921)	\$(25,416,870)	\$(26,983,889)	\$(29,504,880)	\$(28,942,475)	\$(29,792,682)	\$(29,952,521)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	24,916,117	25,337,084	25,843,825	26,231,482	26,318,000	27,266,482	28,390,548	29,398,723	30,557,436	31,168,585
Taxes Levied for Debt Service	426,546	398,616	440,737	439,545	429,737	411,550	397,176	379,137	240,242	240,242
Federal and State Aid not Restricted	165,463	159,825	160,263	159,830	189,903	183,290	198,421	193,701	98,562	10,741
Interest and Miscellaneous Income	128,509	149,434	155,681	197,818	112,954	734,111	258,113	116,945	253,463	224,826
Restricted Miscellaneous Revenue						37,180	67,051	26,318	17,885	17,885
Transfers							(39,044)	(35,711)	(36,091)	(19,038)
Total Governmental Activities	25,636,635	26,044,959	26,600,506	27,028,675	27,050,594	28,632,613	29,272,265	30,079,113	31,131,497	31,385,114
Business-Type Activities:										
Interest and Miscellaneous Income							86	86	228	234
Capital Contributions/(Disposals)							(3,123)			
Transfers			8,985	(184)	(1,750)				35,711	36,091
Total Business-Type Activities			8,985	(184)	(1,750)		(3,037)		35,797	36,319
Total District-Wide	25,636,635	26,044,959	26,609,491	27,028,491	27,048,844	28,632,613	29,269,228	30,114,910	31,167,816	31,404,386
Change in Net Position:										
Governmental Activities	(101,203)	1,795,824	1,623,464	2,276,160	1,636,478	1,614,704	(228,467)	1,174,363	1,376,266	1,473,994
Business-Type Activities	3,708	(2,428)	11,120	410	(4,504)	34,020	(7,185)	(1,928)	(1,132)	(22,129)
Total District	\$(97,495)	\$1,793,396	\$1,634,584	\$2,276,570	\$1,631,974	\$1,648,724	\$(235,652)	\$1,172,435	\$1,375,134	\$1,451,865

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund:</b>										
Restricted	\$ 13,266	\$ 1,178,958	\$ 2,159,653	\$ 1,783,614	\$ 2,712,773	\$ 3,645,995	\$ 4,633,332	\$ 3,853,964	\$ 5,185,436	\$ 7,404,977
Assigned	74,638	296,647	163,657	220,854	138,419	1,072,407	585,151	2,304,337	1,568,022	1,292,041
Unassigned	594,352	511,400	537,310	574,502	539,737	575,219	598,468	588,535	700,690	488,771
<b>Total General Fund</b>	<b>\$ 682,256</b>	<b>\$ 1,987,005</b>	<b>\$ 2,860,620</b>	<b>\$ 2,578,970</b>	<b>\$ 3,390,929</b>	<b>\$ 5,293,621</b>	<b>\$ 5,816,951</b>	<b>\$ 6,746,836</b>	<b>\$ 7,454,148</b>	<b>\$ 9,185,789</b>
<b>All Other Governmental Funds:</b>										
Committed	\$ 38,299	\$ 1	\$ 1	\$ 187,225	1	\$ 1,297,299	\$ 7,453	\$ 1	\$ 1	\$ -0-
Restricted										
<b>Total All Other Governmental Funds</b>	<b>\$ 38,299</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 187,226</b>	<b>\$ 1</b>	<b>\$ 1,297,300</b>	<b>\$ 7,454</b>	<b>\$ 1</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>Total Governmental Funds:</b>										
Restricted	\$ 51,565	\$ 1,178,959	\$ 2,159,654	\$ 1,783,615	\$ 2,712,774	\$ 3,645,996	\$ 4,633,333	\$ 3,853,965	\$ 5,185,436	\$ 7,404,977
Committed				187,225		1,297,299	7,453			
Assigned	74,638	296,647	163,657	220,854	138,419	1,072,407	585,151	2,304,337	1,568,022	1,292,041
Unassigned	594,352	511,400	537,310	574,502	539,737	575,219	598,468	588,535	700,690	488,771
<b>Total Governmental Funds</b>	<b>\$ 720,555</b>	<b>\$ 1,987,006</b>	<b>\$ 2,860,621</b>	<b>\$ 2,766,196</b>	<b>\$ 3,390,930</b>	<b>\$ 6,590,921</b>	<b>\$ 5,824,405</b>	<b>\$ 6,746,837</b>	<b>\$ 7,454,148</b>	<b>\$ 9,185,789</b>

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Tax Levy	\$25,342,663	\$25,735,700	\$26,284,562	\$26,671,027	\$26,747,737	\$27,678,032	\$28,787,724	\$29,777,860	\$30,797,678	\$31,168,585
Tuition	48,781	49,013	117,955	123,486	237,466	169,181	118,287	239,715	138,481	121,684
Transportation Fees	80	17,734	2,250							
Miscellaneous	133,258	149,434	161,547	203,259	122,289	771,887	328,397	146,128	281,042	230,317
State Sources	2,792,605	3,259,369	4,049,527	3,674,049	4,727,427	4,449,412	4,841,471	5,424,694	6,161,361	6,087,207
Federal Sources	819,110	511,283	394,334	545,558	469,670	534,722	487,279	467,358	477,009	436,503
<b>Total Revenue</b>	<b>29,136,497</b>	<b>29,722,533</b>	<b>31,010,175</b>	<b>31,217,379</b>	<b>32,304,589</b>	<b>33,603,234</b>	<b>34,563,158</b>	<b>36,055,755</b>	<b>37,855,571</b>	<b>38,044,296</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	8,323,406	8,124,921	8,220,513	8,840,406	9,048,089	8,734,158	9,132,694	8,886,776	9,327,774	9,092,984
Special Education Instruction	3,210,463	2,910,404	2,941,575	2,984,792	3,085,968	3,056,855	3,397,465	3,709,601	3,641,436	4,089,450
Other Special Instruction	310,394	322,102	256,839	351,077	348,693	321,096	320,143	377,620	313,891	303,417
Other Instruction	135,887	133,312	133,641	129,541	153,128	142,557	183,934	159,400	188,754	169,835
<b>Support Services:</b>										
Tuition	877,851	787,721	589,171	576,643	681,191	753,046	713,191	819,361	783,168	380,013
Student & Instruction Related Services	2,999,437	2,897,008	3,149,632	3,050,538	3,128,537	3,068,436	3,185,758	3,103,727	3,730,793	3,738,014
General Administrative Services	450,366	444,795	380,993	420,241	611,344	767,811	603,288	685,524	592,172	693,546
School Administrative Services	922,709	941,330	961,379	987,302	1,028,167	1,057,516	1,098,689	1,121,381	1,178,251	1,168,675
Central Services	282,871	316,192	311,414	290,978	286,382	308,923	326,221	324,909	329,636	336,880
Administrative Information Technology	261,463	243,317	195,471	262,479	281,249	310,904	293,970	222,470	215,857	207,723
Plant Operations And Maintenance	1,645,934	1,576,614	1,576,355	1,943,730	1,912,041	1,940,526	2,122,614	2,201,036	2,230,607	2,785,317
Pupil Transportation	1,629,864	1,591,654	1,628,362	1,703,483	1,605,048	1,513,595	1,536,640	1,659,262	1,851,796	1,690,172
Allocated Benefits	133,753									
Unallocated Benefits	6,369,015	6,835,880	7,317,034	7,069,087	7,626,778	8,450,982	9,114,694	10,128,679	11,006,767	11,162,947
<b>Debt Service:</b>										
Principal	445,000	455,000	475,000	490,000	495,000	490,000	490,000	485,000	315,000	
Interest And Other Charges	154,138	140,787	126,000	109,375	91,000	71,200	51,600	32,000	12,600	
Capital Outlay	2,315,661	853,868	1,914,659	2,449,574	1,358,269	1,217,779	2,720,202	1,103,270	1,243,585	434,376
Transfer to Charter Schools	110,403	130,412	104,099	104,689	146,064	124,953	85,768	77,596	150,082	40,268
<b>Total Expenditures</b>	<b>30,578,615</b>	<b>28,705,317</b>	<b>30,282,137</b>	<b>31,763,955</b>	<b>31,886,948</b>	<b>32,330,337</b>	<b>35,376,871</b>	<b>35,097,612</b>	<b>37,112,169</b>	<b>36,293,617</b>

DENVILLE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2016	2017	2017	2018	2020
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	\$ (1,442,118)	\$ 1,017,216	\$ 728,038	\$ (546,556)	\$ 417,641	\$ 1,272,897	\$ (813,713)	\$ 958,143	\$ 743,402	\$ 1,750,679
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)	1,510,447	249,235	145,577	452,131	207,093	45,131	86,241			
Capital Lease Purchase Agreement Proceeds				1,492,170	(434,182)	1,895,428				
Transfers In				(1,492,170)	434,182	(13,465)				
Transfers Out							(39,044)	(35,711)	(36,091)	(19,038)
Total Other Financing Sources/(Uses)	1,510,447	249,235	145,577	452,131	207,093	1,927,094	47,197	(35,711)	(36,091)	(19,038)
Net Change In Fund Balances	\$ 68,329	\$ 1,266,451	\$ 873,615	\$ (94,425)	\$ 624,734	\$ 3,199,991	\$ (766,516)	\$ 922,432	\$ 707,311	\$ 1,731,641
Debt Service As A Percentage Of Noncapital Expenditures	2.12%	2.14%	2.12%	2.04%	1.92%	1.80%	1.66%	1.52%	0.91%	0.00%

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2011	\$ 4,608	\$ 48,781	\$ 12,319	\$ 111,662	\$ 177,370
2012	4,292	66,747	63,733	81,409	216,181
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

Source: Denville Township School District records

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

Year Ended December 31,	Vacant Land		Farm		Residential	Farm		Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
		\$	Regular	Qualified			\$									
2010	\$ 45,416,600	\$ 1,862,250,600	\$ 4,353,300	\$ 77,900	\$ 295,238,400	\$ 70,122,400	\$ 7,729,600	\$ 2,285,188,800	\$ 208,621,000	\$ 5,230,954	\$ 2,290,419,754	\$ 1.09	\$ 3,414,567,910			
2011	43,509,600	1,858,092,500	4,331,100	78,700	297,471,200	69,428,400	7,579,600	2,280,491,100	209,403,400	-0-	2,280,491,100	1.12	3,397,561,201			
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			

\* 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>						
2010	\$ 1.07	\$ 0.02	\$ 1.09	\$ 0.55	\$ 0.34	\$ 0.70	\$ 2.68	
2011	1.10	0.02	1.12	0.55	0.35	0.75	2.77	
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	*	0.01	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	

\* 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

	2020		2011		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value			
Saint Clare's Hospital	\$ 90,185,900	2.94%	\$ 47,650,000	2.08%	St. Francis Life Care Corp		
Shoppes at Union Hill	33,896,000	1.10%	21,966,000	0.96%	Shoppes at Union Hill		
Springpoint at Denville Inc	33,311,200	1.08%	12,112,200	0.53%	Tamara Enterprises		
Tamara Enterprises	18,345,000	0.60%	8,767,600	0.38%	Rockaway River Country Club		
Rockaway River Country Club	12,711,600	0.41%	6,737,000	0.29%	Individual Taxpayer #1		
Denville Hospitality LLC	10,710,000	0.35%	5,700,000	0.25%	WP Properties, LLC		
Pinefield Manor LLC	9,758,000	0.32%	5,472,900	0.24%	Denville Station, LLC		
Denville West Main, LLC	9,571,000	0.31%	5,200,000	0.23%	WP Properties, LLC		
Individual Taxpayer #1	8,905,000	0.29%	5,000,000	0.22%	Morris 400, LLC		
Greco Realty LLC	7,860,000	0.26%	4,900,000	0.21%	Denville West Main, LLC		
<b>Total</b>	<b>\$ 235,253,700</b>	<b>7.66%</b>	<b>\$ 123,505,700</b>	<b>5.39%</b>	<b>Total</b>		

Note: A revaluation occurred in 2016.

Note: Individual taxpayers listed may be different in 2020 and 2011.

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 25,342,663	\$ 25,342,663	100.00%	\$ -0-
2012	25,735,700	25,735,700	100.00%	-0-
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-

- 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Total District		
2011	\$ 3,695,000	\$ 1,443,889	\$ 5,138,889	0.40%	\$ 307
2012	3,240,000	1,158,274	4,398,274	0.33%	261
2013	2,765,000	821,106	3,586,106	0.26%	213
2014	2,275,000	779,018	3,054,018	0.22%	182
2015	1,780,000	431,696	2,211,696	0.15%	132
2016	1,290,000	2,103,019	3,393,019	0.23%	203
2017	800,000	1,970,425	2,770,425	0.17%	164
2018	315,000	1,728,733	2,043,733	0.12%	123
2019	-0-	1,527,387	1,527,387	0.09%	93
2020	-0-	1,375,937	1,375,937	0.08%	84

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 3,695,000	\$ -0-	\$ 3,695,000	0.16%	\$ 221
2012	3,240,000	-0-	3,240,000	0.14%	193
2013	2,765,000	-0-	2,765,000	0.12%	164
2014	2,275,000	-0-	2,275,000	0.10%	135
2015	1,780,000	-0-	1,780,000	0.08%	106
2016	1,290,000	-0-	1,290,000	0.06%	77
2017	800,000	-0-	800,000	0.03%	47
2018	315,000	-0-	315,000	0.01%	19
2019	-0-	-0-	-0-	0.00%	-0-
2020	-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, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Denville	\$ 11,028,569	100.00%	\$ 11,028,569
Morris County General Obligation Debt	216,220,009	3.46%	7,487,527
Morris Hills Regional School District Debt	20,695,000	36.90%	<u>7,636,455</u>
Subtotal, Overlapping Debt			26,152,551
Denville School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 26,152,551</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.

<sup>a</sup> 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.

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

Legal Debt Margin Calculation for Fiscal Year 2020

	2019	2018	2017	2020
Equalized Valuation Basis				
Township	\$ 3,300,737,452	3,301,089,990	3,301,885,785	\$ 9,903,713,227
Denville	\$ 3,301,237,742	\$ 99,037,132	-	\$ 99,037,132
Average Equalized Valuation of Taxable Property				
Debt Limit (3% of average equalization value)	\$ 99,037,132	-	-	-
Net Bonded School Debt as of June 30, 2020	-	-	-	-
Legal Debt Margin	\$ 99,037,132	-	-	-

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 103,997,335	\$ 103,091,788	\$ 101,358,445	\$ 99,912,610	\$ 97,613,919	\$ 96,466,760	\$ 97,560,547	\$ 99,391,920	\$ 98,823,468	\$ 99,037,132
Total Net Debt Applicable to Limit	4,140,000	3,695,000	3,240,000	2,765,000	2,275,000	1,780,000	1,290,000	315,000	-	-
Legal Debt Margin	\$ 99,857,335	\$ 99,396,788	\$ 98,118,445	\$ 97,147,610	\$ 95,338,919	\$ 94,686,760	\$ 96,270,547	\$ 99,076,920	\$ 98,823,468	\$ 99,037,132

Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.98%	3.58%	3.20%	2.77%	2.33%	1.85%	1.32%	0.32%	0.00%	0.00%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

a Limit set by NISA 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 <sup>a</sup>	Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	16,754	\$ 1,282,904,042	\$ 76,573	6.10%
2012	16,822	1,337,029,382	79,481	6.40%
2013	16,843	1,353,469,794	80,358	7.40%
2014	16,806	1,405,418,556	83,626	4.90%
2015	16,783	1,468,596,415	87,505	4.10%
2016	16,749	1,501,598,097	89,653	3.80%
2017	16,941	1,596,841,719	94,259	3.70%
2018	16,669	1,647,597,298	98,842	3.30%
2019	16,446	1,625,555,532	98,842 *	2.50%
2020	16,446 **	1,625,555,532 ***	98,842 *	N/A

\* - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

\*\* - Latest population data available (2019) was used for calculation purposes.

\*\*\* - Latest personal income data available (2019) 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

	2020		2011		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Picatunny Arsenal		6,440	Atlantic Health System	6,300	N/A
Atlantic Health System		6,350	U.S. Army Armament R&D	3,575	N/A
Novartis		4,607	Novartis	3,573	N/A
Bayer		2,800	St. Clare's Health System	2,342	N/A
ADP		2,242	County of Morris	2,126	N/A
Wyndham Worldwide		1,907	ADP	2,019	N/A
Accenture		1,883	United Parcel Service	1,941	N/A
Honeywell		1,868	AT&T	1,500	N/A
Allergan		1,700	Honeywell	1,500	N/A
St. Clare's Health System		1,544	Wyndham Worldwide Corporation	1,395	N/A
Total		<u>31,341</u>		<u>26,271</u>	
Total County Labor Force		<u>252,984</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

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</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>
Instruction:										
Regular	128.0	125.6	123.4	111.8	118.0	123.0	121.0	110.0	113.5	116.0
Special Education	65.0	67.4	68.2	100.1	99.6	98.5	58.0	59.0	57.0	59.0
Support Services:										
Student & Instruction Related Services	36.0	44.2	26.7	23.7	23.0	35.0	89.0	88.0	90.0	93.0
School Administrative Services	18.5	14.8	15.9	15.1	8.0	17.0	17.0	17.0	20.0	20.0
General and Business Administrative Services	6.0	8.0	6.0	6.0	5.5	8.0	8.0	8.0	8.0	8.0
Plant Operations and Maintenance	15.0	26.4	22.6	20.0	20.0	17.5	18.0	17.0	15.5	16.0
Pupil Transportation	25.0	24.3	27.5	20.0	20.0	20.5	42.0	30.0	28.5	26.5
<b>Total</b>	<u>293.5</u>	<u>310.7</u>	<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>

Source: District Personnel Records

DENVILLE TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2011	1,856	\$ 27,663,816	\$14,905	3.27%	216	1:13.3	1:13.6	1,856	1,832	-2.53%	98.69%
2012	1,827	27,255,662	14,918	0.09%	179	1:11.1	1:11.9	1,792	1,733	-3.45%	96.71%
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%

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>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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										
Capacity (students)	683	683	683	683	683	683	683	683	683	683
Enrollment	728	713	695	677	682	675	705	686	649	650
Riverview Elementary School (1958)	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855
Square Feet										
Capacity (students)	388	388	388	388	388	388	388	388	388	388
Enrollment	459	400	393	402	388	373	372	362	383	418
Valleyview Middle School (1965)	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247
Square Feet										
Capacity (students)	465	465	465	465	465	465	465	465	465	465
Enrollment	669	680	662	651	617	598	573	595	586	596
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										
Bus Garage (1964)	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
Square Feet										

Number of Schools at June 30, 2020

  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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>School Facilities*</u>										
Lakeview Elementary	\$ 140,145	\$ 124,854	\$ 112,063	\$ 164,811	\$ 168,096	\$ 145,561	\$ 204,663	\$ 175,120	\$ 158,400	\$ 281,518
Riverview Elementary	75,601	68,259	73,159	107,591	109,736	95,025	133,608	154,518	139,764	248,399
Valleyview Middle	114,193	94,879	107,194	157,658	160,801	139,244	195,781	169,969	153,741	273,238
Total School Facilities	329,939	287,992	292,416	430,060	438,633	379,829	534,051	499,607	451,905	803,155
<u>Other Facilities</u>										
Administration Building	1,545	2,469	1,662	2,442	2,491	2,157	3,033	5,151	4,659	8,280
Bus Garage	2,293	2,840	2,467	3,620	3,692	3,197	4,495	10,301	9,318	16,560
Total Other Facilities	3,838	5,309	4,129	6,062	6,183	5,354	7,528	15,452	13,977	24,840
Grand Total	\$ 333,777	\$ 293,301	\$ 296,545	\$ 436,122	\$ 444,816	\$ 385,183	\$ 541,579	\$ 515,059	\$ 465,882	\$ 827,995

\* 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, 2020  
UNAUDITED

	Coverage	Deductible
American Alternative Insurance Company:		
Property		
Blanket Building & Contents	\$ 51,380,652	\$ 5,000
Commercial General Liability		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Abuse or Molestation Liability:		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
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	
Starstone/Markel		
Excess Liability	30,000,000	PIP Cap Excess
Fireman's Fund		
Excess Liability	50,000,000	
Employee Benefits		
Per Occurrence	1,000,000	1,000
Aggregate	2,000,000	
NJ School Insurance Group		
Workers Compensation	Statutory	
Employer's Liability/Full Wage Supplement	2,000,000	
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	320,000	
Board Secretary/Business Administrator	320,000	
Blanket Employee Bond	10,000	
Employee Theft (Those not subject to bonding)	50,000	5,000
Cyber Liability Indian Harbor Ins. Co.		
Per Occurrence	2,000,000	
Aggregate	4,000,000	25,000 retention
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 "Department"), 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

**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 may exist that have not been identified.

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

### **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  
December 14, 2020

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

---

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



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance

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 State Program**

We have audited the Board of Education of the Denville Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid / Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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; 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*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

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

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
December 14, 2020

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

---

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

DENVERVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Prior Year Encumbrance Cancelled	Repayment of Prior Years' Balances	Balance at June 30, 2020	
			From	To		Budgetary (Accounts Receivable)	Due to Grantor					Budgetary (Accounts Receivable)	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Education:													
Child Nutrition Cluster:													
Special Milk Program	10.556	N/A	7/1/18	6/30/19	\$ 16,445	\$ (1,103)	\$ 1,103	\$ (11,699)					
Special Milk Program	10.556	N/A	7/1/19	6/30/20	11,699								
Total Enterprise Fund						(1,103)	12,802	(11,699)					
Total U.S. Department of Agriculture						(1,103)	12,802	(11,699)					
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	7/1/19	6/30/20	10,741		10,741	(10,741)					
Total U.S. Department of Health and Human Services -													
Special Revenue Fund:													
Elementary and Secondary Education Act:													
Title I	84.010A	ESEA-1090-20	7/1/19	9/30/20	45,622		16,196	(36,254)				\$ (20,058)	
Title I	84.010A	ESEA-1090-19	7/1/18	9/30/19	47,020	(10,380)	10,380						
Total Title I						(10,380)	26,576	(36,254)				(20,058)	
Title II	84.367A	ESEA-1090-20	7/1/19	9/30/20	24,777		15,438	(19,329)				(3,891)	
Title II A	84.367A	ESEA-1090-19	7/1/18	9/30/19	25,282	(9,034)	9,034			\$ 1,173			
Title II A	84.367A	NCLB-1090-17	7/1/16	6/30/17	37,020					1,209			
Title II A	84.367A	NCLB-1090-16	7/1/15	6/30/16	43,613	(9,034)	24,472	(19,329)		2,382		(3,891)	
Total Title II										388			
Title III	84.365A	NCLB-1090-16	7/1/15	6/30/16	5,667					388			
Total Title III													
Title III Immigrant	84.365A	ESEA-1090-19	7/1/18	9/30/20	2,216	(2,045)	2,045						
Title III Immigrant	84.365A	NCLB-1090-17	7/1/16	6/30/17	6,733					1,181			
Total Title III - Immigrant										1,181			
Title IV	84.365A	ESEA-1090-20	7/1/19	9/30/20	12,821	(2,045)	2,045						
Title IV	84.365A	ESEA-1090-19	7/1/18	9/30/19	10,000	(1,711)	7,432	(8,252)				(820)	
Total Title IV										\$ 16		\$ 16	
Elementary and Secondary Education Act Total						(23,170)	62,236	(63,835)		16	3,951	(24,769)	16
COVID 19 - CARES Emergency Relief Grant	84.425D	CARES109020	3/13/20	9/30/22	35,612							(15,035)	



DENVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Prior Year Encumbrance Cancelled	Repayment of Prior Years' Balances	Balance at June 30, 2020		
			From	To		Budgetary (Accounts Receivable)	Due to Grantor					Budgetary (Accounts Receivable)	Due to Grantor	
Special Education Cluster:														
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-20	7/1/19	9/30/20	\$ 374,990		\$ 361,036	\$ (361,036)						
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-19	7/1/18	9/30/19	365,668	\$ (669)	669							
I.D.E.A. Part B, Preschool	84.173	IDEA-1090-20	7/1/19	9/30/20	21,968		21,968	(21,968)						
I.D.E.A. Part B, Preschool	84.173	IDEA-1090-19	7/1/18	9/30/19	21,882	(493)	493							
Special Education Cluster Total						(1,162)	384,166	(383,004)						
Total Special Revenue Fund						(24,332)	446,402	(461,874)	\$ 16	\$ 3,951	\$ 3,951	\$ (39,804)	\$ 16	
Total U.S. Department of Education						(24,332)	457,143	(461,874)	16	3,951	3,951	(39,804)	16	
TOTAL FEDERAL AWARDS						\$ (25,435)	\$ 469,945	\$ (484,314)	\$ 16	\$ 3,951	\$ 3,951	\$ (39,804)	\$ 16	\$ -0-

N/A - Not Available/Applicable.

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, 2020**

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2019		Cash Received	Budgetary Expenditures	Prior Year Encumbrance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor		Budgetary (Accounts Receivable)
State Department of Education:														
General Fund:														
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	\$ 1,050,628	\$ (101,074)	\$ 101,074							\$ 1,050,628	
Categorical Security Aid	19-495-034-5120-084	7/1/18	6/30/19	29,235	(2,813)	2,813							29,235	
Categorical Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	295,264	(28,406)	28,406							295,264	
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	340,813	(340,813)	340,813							340,813	
Additional Non-Public Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	20,616	(20,616)	20,616							20,616	
Reimbursed TPAF Social Security Contributions	19-100-034-5095-002	7/1/18	6/30/19	871,729	(306)	306							871,729	
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	1,172,772		1,058,244		\$ (1,172,772)				\$ (114,528)	1,172,772	
Categorical Security Aid	20-495-034-5120-084	7/1/19	6/30/20	29,235		26,380		(29,235)				(2,855)	29,235	
Categorical Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	295,264		266,430		(295,264)				(28,834)	295,264	
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19	6/30/20	172,652				(172,652)		\$ (172,652)		(172,652)	172,652	
Additional Non-Public Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	1,680				(1,680)				(1,680)	1,680	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19	6/30/20	901,960		901,960		(901,960)					901,960	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19	6/30/20	953,105		953,105		(953,105)					953,105	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19	6/30/20	2,523,904		2,523,904		(2,523,904)					2,523,904	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	45,238		45,238		(45,238)					45,238	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	2,640		2,640		(2,640)					2,640	
<b>Total General Fund State Aid</b>					(494,028)	6,271,929		(6,098,450)			(174,332)	(320,549)	8,706,735	
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	8,170						\$ (216)			7,954	
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	5,508		178				(178)			5,330	
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	22,950		12,305			\$ 1,550	(12,305)	\$ 1,550		9,095	
Auxiliary Services (Chapter 192):														
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	14,383		2,700				(2,700)			11,683	
Handicapped Services (Chapter 193):														
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	7,137		3,648				(3,648)			3,489	
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	11,830		7,460				(7,460)			4,370	
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	8,035		6,339				(6,339)			1,696	
<b>Total Special Revenue Fund</b>						32,846			1,550	(32,846)		1,550	43,617	
<b>Total State Department of Education</b>					(494,028)	6,271,929		(6,098,450)	1,550	(32,846)	(174,332)	1,550	8,750,352	
<b>Total State Awards Subject to Single Audit Determination</b>					\$ (494,028)	\$ 6,271,929		(6,098,450)	\$ 1,550	\$ (32,846)	\$ (174,332)	\$ 1,550	\$ 8,750,352	
Less: State Awards Not Subject to Single Audit Major Program Determination														
On-Behalf TPAF Pension System Contributions:														
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19	6/30/20	(953,105)				953,105						
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19	6/30/20	(2,523,904)				2,523,904						
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	(45,238)				45,238						
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	(2,640)				2,640						
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>								3,524,887						
<b>Total State Awards Subject to Single Audit Major Program Determination</b>								\$ (2,573,563)						

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, 2020

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, 2020. 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, 2020

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$13,924) for the general fund, and (\$33,567) for the special revenue fund (of which (\$136) relates to local grants). 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:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 10,741	\$ 6,084,526	\$ 6,095,267
Special Revenue Fund	425,762	2,681	428,443
Proprietary Fund	11,699		11,699
Total Financial Assistance	\$ 448,202	\$ 6,087,207	\$ 6,535,409

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, 2020.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- 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 state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 1,172,772	\$ 1,172,772
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	29,235	29,235

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

DENVILLE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

DENVILLE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.