

SCHOOL DISTRICT

OF

DUNELLEN BOROUGH

Dunellen School District
Board of Education
Dunellen, Middlesex County
New Jersey

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

Comprehensive Annual

Financial Report

of the

Dunellen School District

Board of Education

Dunellen, New Jersey

For the Fiscal Year Ending June 30, 2020

Prepared by

Dunellen School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section



DUNELLEN BOARD OF EDUCATION

Preserving Tradition · Expanding Horizons · Producing Excellence

High and Lehigh Streets Dunellen, NJ 08812 • Phone: 732-400-5900 • Fax: 732-968-3513

December 9, 2020

The Honorable President and Members
of the Board of Education
Dunellen School District
County of Middlesex, State of New Jersey

Dear Board Members:

The comprehensive annual financial report of the Dunellen School 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 Dunellen Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is subject to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget "Uniform Guidance", "Audits of States, Local Governments and Non-profit Organizations", and New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations contracts and grants and findings and questioned costs are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Dunellen 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 Dunellen Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as special education for handicapped students from preschool disabled through grade 12.

2) ECONOMIC CONDITION AND OUTLOOK: ECONOMIC CONDITION AND OUTLOOK: Although Dunellen was relatively stable for a number of years, the recession of 2008 continues to impact employment as it has the state and country. The Middlesex County unemployment rate for 2012 was 8.1% while Dunellen's unemployment rate was higher at 12%. The equalized valuation of real property has stabilized at the level it was in 2010. The Borough of Dunellen continues to focus on increasing the taxable value of property in the Borough and the effects of the recent property revaluation is yet to be seen.

3) MAJOR INITIATIVES:

The District financial budget includes and supports the maintenance of our three school buildings, upgrades and maintenance of all district technology, new and revised curriculum, and professional development opportunities for all staff. Capital projects have consumed a significant amount of our available resources with a focus on safety and security on both campuses. The District got approved for the Facilities Enhancement Project on December 10, 2019. These projects, which are partially funded by Debt Service Aid, will meet the ever-growing space demands for both campuses and will improve the quality of our instructional space. The district has implemented a new curriculum initiative in the subjects of English Language Arts and Mathematics throughout all grades.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is the 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 financial assistance, 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 financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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 the voters of the municipality. 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS: The District's account records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on a fund basis. 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 ("GUDP A"). GUDP A 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey Schools Insurance Group oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB "Uniform Guidance" and New Jersey's OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Dunellen School District for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 our financial and accounting staff.

Respectfully submitted,

Signed:

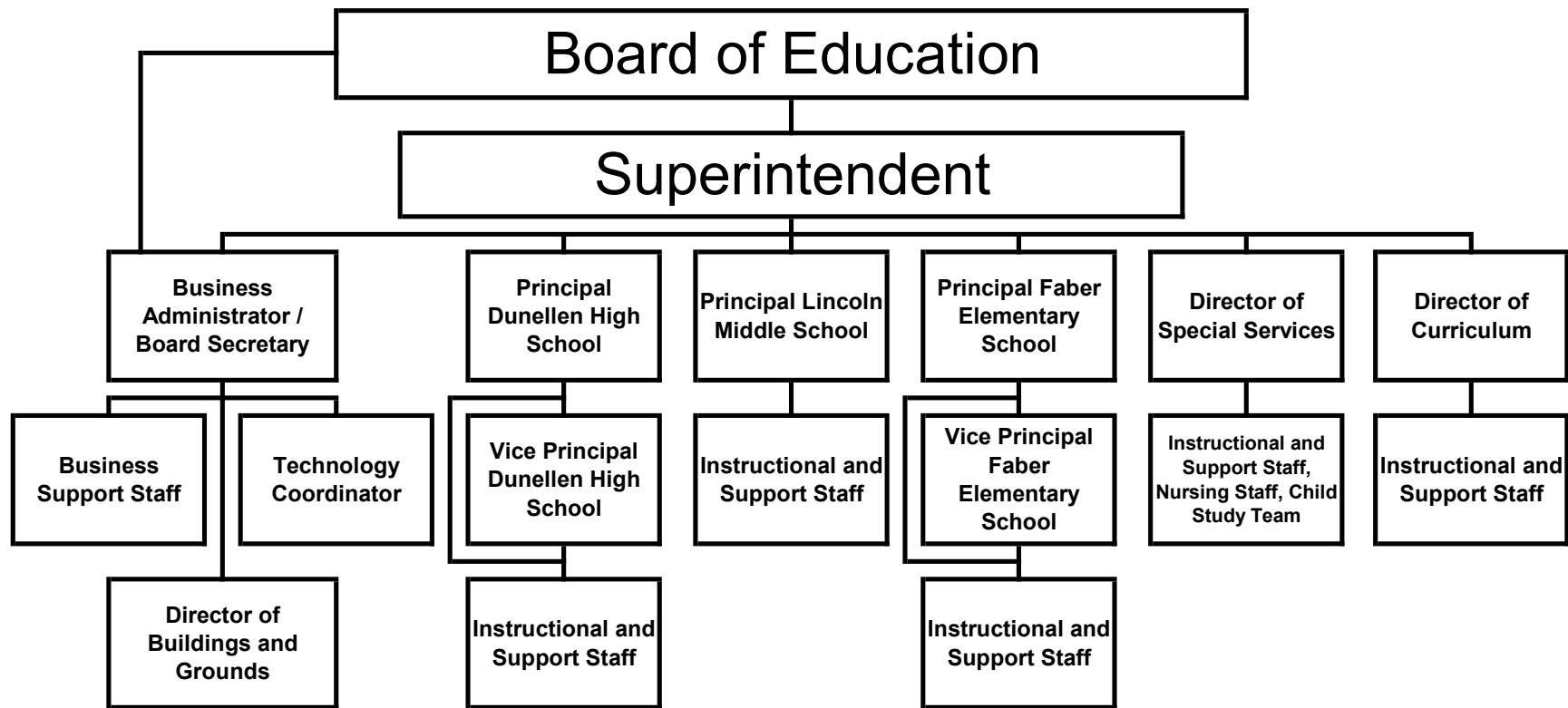


Eugene G. Mosley
Superintendent of Schools

Signed:



Johnny Rosa
Business Administrator/Board Secretary



DUNELLEN SCHOOL DISTRICT

BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2020

Members of the Board of Education

Term Expires

Jeffrey Portik, <i>President</i>	2021
George Johnson, <i>Vice-President</i>	2020
Isaisa Noel Gendrano III	2022
Jason Anderson	2020
Jenny Ciannello	2022
Faith Thompson	2021
Michael Duggan	2020
Gerard Trotta	2020
Lisa Howard	2022

Other Officials

Mr. Eugene Mosley, Superintendent

Mr. Johnny Rosa, Business Administrator/ Board Secretary

Marc H. Zitomer, Esquire, Board Attorney

DUNELLEN SCHOOL DISTRICT

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Ardito & Co., LLC
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192

ATTORNEY

Marc H. Zitomer, Esquire
Schenck, Price, Smith, & King
220 Park Avenue, PO Box 991
Florham Park, NJ 07932

OFFICIAL DEPOSITORY

Provident Savings Bank
P.O. Box 48
Jersey City, New Jersey 07303

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Dunellen School District
County of Middlesex
Dunellen, New Jersey 08812

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Dunellen School District Board of Education, as of and for the 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.

Auditor's 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 and 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 of 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.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, business-type activities, each major fund, and the aggregate remaining fund information of the Dunellen School District Board of Education, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18, the spread of the COVID 19 coronavirus is affecting the United States and global economies and may have an impact on the District's subsequent operational and financial performance. At this point, the District cannot reasonably estimate the impact on its subsequent operations or financial results. The accompanying financial statements do not include any adjustments related to subsequent events. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and post employment benefit other than pension trend information as identified in the table of contents 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.

-Continued-

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dunellen School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, 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 combining and individual fund financial statement information, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are fairly stated in all material respects in relation to the basic financial statements as a whole.


The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 9, 2020, on our consideration of the Dunellen School District Board of Education'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 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 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.



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The discussion and analysis of Dunellen School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ In total, Net Position increased \$2,979,743 which represents a 31.6% increase from 2019.
- ◆ General revenues accounted for \$13,343,349 in revenue or 49.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$13,874,634 or 51.0% of total revenues of \$27,217,983.
- ◆ Total assets of governmental activities increased by \$27,016,436, as cash and cash equivalents increased by \$23,403,241, receivables increased by \$1,279,169, and capital assets increased by \$2,325,520.
- ◆ The School District had \$24,238,240 in expenses; only \$13,874,634 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,343,349 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$23,940,870 in revenues and \$20,704,436 in expenditures. The General Fund's surplus balance increased \$736,434 over 2019, which compares favorably to the budgeted decrease of \$399,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Dunellen School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Dunellen School District, the General Fund is by far the most significant fund.

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 26. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2020 compared to 2019.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 25,929,974	\$ 1,239,058
Capital Assets	<u>21,821,767</u>	<u>19,496,247</u>
Total Assets	<u>47,751,741</u>	<u>20,735,305</u>
Deferred Outflows of Resources	<u>1,611,321</u>	<u>2,187,083</u>
Liabilities		
Long-Term Liabilities	34,535,381	11,541,414
Other Liabilities	<u>871,080</u>	<u>433,395</u>
Total Liabilities	<u>35,406,461</u>	<u>11,974,809</u>
Deferred Inflows of Resources	<u>1,540,363</u>	<u>1,511,084</u>
Net Position		
Invested in Capital Assets, Net of Debt	(8,058,233)	12,856,629
Restricted	846,178	539,438
Unrestricted	<u>19,628,293</u>	<u>(3,959,572)</u>
Total Net Position	<u>\$ 12,416,238</u>	<u>\$ 9,436,495</u>

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Total assets of governmental activities increased by \$27,016,436, as cash and cash equivalents increased by \$23,403,241, receivables increased by \$1,279,169, and capital assets increased by \$2,325,520.

The cash increase was due bond proceeds. The receivable increase was due to the June tax levy being received by the Borough in July 2020. The increase in capital assets was due to capital spending, net of depreciation expense for the year.

Table 2 shows the changes in Net Position from fiscal year 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 666,367	\$ 889,078
Operating Grants and Contributions	13,208,267	13,353,528
General Revenues:		
Property Taxes	12,802,489	12,002,297
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	12,300	2,511
Other	<u>528,560</u>	<u>26,087</u>
Total Revenues	<u>27,217,983</u>	<u>26,273,501</u>
Program Expenses		
Instruction	13,440,094	13,763,049
Support Services:		
Tuition	891,820	951,733
Pupils and Instructional Staff	3,249,766	3,191,763
General Administration, School Administration, Business	2,989,021	3,007,026
Operations and Maintenance of Facilities	1,981,042	1,753,836
Pupil Transportation	395,220	585,236
Business-Type Activities	896,339	1,483,590
Interest and Fiscal Charges	<u>394,938</u>	<u>305,089</u>
Total Expenses	<u>24,238,240</u>	<u>25,041,322</u>
Increase in Net Position	<u>\$ 2,979,743</u>	<u>\$ 1,232,179</u>

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 47.0% percent of revenues for governmental activities for the Dunellen School District for the fiscal year 2020.

Instruction comprises 55.4% of district expenses. Support services expenses make up 39.2% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 13,440,094	\$ 4,979,419	13,763,049	\$5,176,783
Support Services:				
Tuition	891,820	891,820	951,733	951,733
Pupils and Instructional Staff	3,249,766	1,268,870	3,191,763	1,205,277
General Admin., School Admin., Business	2,989,021	1,187,648	3,007,026	1,227,633
Operation and Maintenance of Facilities	1,981,042	1,300,804	1,753,836	1,081,897
Pupil Transportation	395,220	395,220	585,236	585,236
Business-Type Activities	896,339	(55,113)	1,483,590	265,068
Interest and Fiscal Charges	<u>394,938</u>	<u>394,938</u>	<u>305,089</u>	<u>305,089</u>
Total Expenses	<u>\$ 24,238,240</u>	<u>\$ 10,363,606</u>	<u>\$ 25,041,322</u>	<u>\$ 10,798,716</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and early childhood care.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 37.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 53.1%. The community, as a whole, is the primary support for the Dunellen School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$24,990,094 and expenditures of \$24,510,176. The General Fund's surplus balance increased \$736,434 over 2019, which compares favorably to the budgeted decrease of \$399,000.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2020 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$21,336,477, \$543,201 over original budgeted estimates of \$20,793,276. This difference was due primarily to additional miscellaneous revenue compared to budgeted amounts.

General fund revenues exceeded expenditures by \$836,464. Again this surplus compares to a budgeted deficit of \$399,000, which was due to the use of surplus needed to balance the 2020 budget.

The budgeted deficit was reduced due additional revenue as stated above, and cost savings in the areas of tuition and employee benefits.

Overall general fund balance (budget basis) was \$1,708,640, and amounts ear-marked and reserved for future purposes were \$1,264,334, creating a surplus in unreserved fund balance of \$444,306. Management believes unreserved fund balance at the 2% statutory levels will provide adequate working capital for the district.

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Capital Assets

At the end of the fiscal year 2020, the School District had \$21,750,924 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2020</u>	<u>2019</u>
Land Improvements	186,208	215,795
Buildings and Improvements	21,272,662	19,168,425
Machinery and Equipment	<u>292,054</u>	<u>27,698</u>
Totals	<u>\$ 21,750,924</u>	<u>\$ 19,411,918</u>

Overall capital assets increased \$2,339,006 from fiscal year 2019 to fiscal year 2020. The increase in capital assets was due to depreciation expense for the year.

Capital improvements of \$3,040,286 were purchased during fiscal year 2020.

Debt Administration

At June 30, 2020, the School District had \$30,346,936 as outstanding long term debt. Of this amount, \$466,936 is for compensated absences and \$29,880,000 is for bonds payable outstanding.

At June 30, 2020, the School District's overall legal debt margin was \$24,665,486 and the unvoted debt margin was \$5,214,514.

DUNELLEN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

For the Future

The Dunellen School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes. The Dunellen School District is primarily a residential community, thus the burden is focused on homeowners to bear the tax burden. However, future finances are not without challenges as the community continues to grow and state funding is frozen.

In conclusion, the Dunellen School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Brian P. DeLucia, School Business Administrator/Board Secretary at Dunellen School District, High and Lehigh Streets, Dunellen, New Jersey.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of Net Position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

DUNELLEN SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,124,512	\$ 332,147	\$ 24,456,659
Receivables from Other Governments	425,350	9,876	435,226
Other Receivables	1,021,372	2,706	1,024,078
Inventory		14,011	14,011
Capital Assets, Net (Note 6):	21,750,924	70,843	21,821,767
Total Assets	47,322,158	429,583	47,751,741
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	1,611,321		1,611,321
LIABILITIES			
Accounts Payable	335,530		335,530
Unearned Revenue	325,462	3,473	328,935
Accrued Interest	206,615		206,615
Net Pension Liability (Note 8)	4,188,445		4,188,445
Noncurrent Liabilities (Note 7):			
Due Within One Year	500,000		500,000
Due Beyond One Year	29,846,936		29,846,936
Total Liabilities	35,402,988	3,473	35,406,461
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	1,540,363		1,540,363
Net Position			
Invested in Capital Assets, Net of Related Debt	(8,129,076)	70,843	(8,058,233)
Restricted for:			
Other Purposes	846,178		846,178
Assigned			
Unrestricted	19,273,026	355,267	19,628,293
Total Net Position	\$ 11,990,128	\$ 426,110	\$ 12,416,238

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

DUNELLEN SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES
Governmental Activities:							
Instruction:							
Regular	\$ 10,138,612	\$ 7,979	\$ 6,575,742		\$ (3,554,891)	\$ (3,554,891)	
Special Education	2,628,777	2,354	1,874,600		(751,823)	(751,823)	
Other Special Instruction	672,705				(672,705)	(672,705)	
Support Services:							
Tuition	891,820				(891,820)	(891,820)	
Student & Instruction Related Services	3,249,766	2,354	1,978,542		(1,268,870)	(1,268,870)	
School Administrative Services	1,488,802	1,359	1,081,984		(405,459)	(405,459)	
General and Business Admin. Services	1,500,219	901	717,129		(782,189)	(782,189)	
Plant Operations and Maintenance	1,981,042	853	679,385		(1,300,804)	(1,300,804)	
Pupil Transportation	395,220		-		(395,220)	(395,220)	
Interest and Fiscal Charges	394,938		-		(394,938)	(394,938)	
Total Governmental Activities	23,341,901	15,800	12,907,382		(10,418,719)	(10,418,719)	
Business-Type Activities:							
Food Service	473,884	201,178	300,885		\$ 28,179	28,179	
Preschool Program	232,501	227,500			(5,001)	(5,001)	
After Care	188,574	214,174	-		25,600	25,600	
Chrome Program	1,380	7,715			6,335	6,335	
Total Business-Type Activities	896,339	650,567	300,885	-	-	55,113	
Total Primary Government	\$ 24,238,240	\$ 666,367	\$ 13,208,267	\$ -	\$ (10,418,719)	\$ 55,113	\$ (10,363,606)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 12,079,439		\$ 12,079,439	
Taxes Levied for Debt Service				723,050		723,050	
Investment Earnings				12,300		12,300	
Miscellaneous Income				528,560	\$ -	528,560	
Total General Revenues, Special Items, Extraordinary Items and Transfers				13,343,349		13,343,349	
Change in Net Position				2,924,630	55,113	2,979,743	
Net Position—Beginning				9,065,498	370,997	9,436,495	
Net Position—Ending				\$ 11,990,128	\$ 426,110	\$ 12,416,238	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ (6,869)	\$ 82,954	\$ 24,048,426	\$ 1	\$ 24,124,512
Interfund Receivables					-
Other Accounts Receivable	1,021,372				1,021,372
Receivables from Other Governments	164,491	260,859			425,350
TOTAL ASSETS	\$ 1,178,994	\$ 343,813	\$ 24,048,426	\$ 1	\$ 25,571,234
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 317,179	\$ 18,351			\$ 335,530
Interfund Payables					-
Deferred Revenue	-	325,462			325,462
Total Liabilities	317,179	343,813	-	-	660,992
Fund Balances:					
<u>Restricted for:</u>					
Excess Surplus	618,916				618,916
Capital Reserve	227,262				227,262
<u>Assigned to:</u>					
Year-End Encumbrances	418,156		\$ 2,549,565		2,967,721
Capital Projects Fund			21,498,861		21,498,861
Debt Service Fund				\$ 1	1
<u>Unassigned:</u>					
General Fund	(402,519)				(402,519)
Total Fund Balances	861,815	-	24,048,426	1	24,910,242
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,178,994	\$ 343,813	\$ 24,048,426	\$ 1	\$ 25,571,234

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$31,820,945 and the accumulated depreciation is \$10,070,021.	\$ 21,750,924
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	1,611,321
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(1,540,363)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(4,188,445)
Accrued Interest on 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 7)	(206,615)
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 7)	(30,346,936)
Net Position of governmental activities	\$ 11,990,128

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

DUNELLEN SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 12,079,439			\$ 723,050	\$ 12,802,489
Tuition	15,800				15,800
Miscellaneous	540,860	-			540,860
Total - Local Sources	12,636,099	-	-	723,050	13,359,149
State Sources	11,290,575				11,290,575
Federal Sources	14,196	\$ 326,174			340,370
Total Revenues	23,940,870	326,174	-	723,050	24,990,094
EXPENDITURES					
Current:					
Regular Instruction	5,233,775	222,232			5,456,007
Special Education Instruction	1,451,539				1,451,539
Other Special Instruction	672,705				672,705
Support services and undistributed costs:					
Tuition	891,820				891,820
Student and Instruction Related Services	1,968,586	103,942			2,072,528
School Administrative Services	801,123				801,123
Other Administrative Services	1,049,866				1,049,866
Plant Operations and Maintenance	1,553,952				1,553,952
Pupil Transportation	395,220				395,220
Unallocated Benefits	6,309,844				6,309,844
Transfer to Charter School	30,634				30,634
Debt Service:					
Principal				485,000	485,000
Interest and Other Charges				238,050	238,050
Capital Outlay	345,372		\$ 2,756,516		3,101,888
Total Expenditures	20,704,436	326,174	2,756,516	723,050	24,510,176
Excess (Deficiency) of Revenues Over Expenditures	3,236,434	-	(2,756,516)	-	479,918
OTHER FINANCING SOURCES (USES)					
Bond Proceeds			23,800,000		23,800,000
Transfers to Capital Projects Fund	(2,500,000)		2,500,000		-
Total other financing sources and uses	(2,500,000)	-	26,300,000	-	23,800,000
Net Change in Fund Balances	736,434	-	23,543,484	-	24,279,918
Fund Balance—July 1	125,381	-	504,942	1	630,324
Fund Balance—June 30	\$ 861,815	-	\$ 24,048,426	\$ 1	\$ 24,910,242

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 24,279,918

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 capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (701,280)	
	Capital Outlays	<u>3,040,286</u>	2,339,006

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(287,025)

Bond Proceeds are an other financing source in the governmental funds, but are recorded as a liability on the statement of net assets.

(23,800,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

485,000

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

3,017

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount.

(95,286)

Change in Net Position of Governmental Activities

\$ 2,924,630

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS**

June 30, 2020

**Business-Type Activities-
Enterprise Funds**

	<u>Food Service</u>	<u>Preschool Program</u>	<u>After Care</u>	<u>Chrome Program</u>	<u>Totals</u>
ASSETS					
Current assets:					
Cash and Cash Equivalents	\$ 137,195	\$ 4,996	\$ 181,560	\$ 8,396	\$ 332,147
Federal and State Accounts Receivable	9,876				9,876
Other Accounts Receivable			2,706		2,706
Inventories	14,011				14,011
Total Current Assets	161,082	4,996	184,266	8,396	358,740
Noncurrent Assets:					
Furniture, Machinery and Equipment	235,288				235,288
Less Accumulated Depreciation	(164,445)				(164,445)
Total Noncurrent Assets	70,843				70,843
Total Assets	231,925	4,996	184,266	8,396	429,583
LIABILITIES					
Current liabilities:					
Deferred Revenue	3,472				3,472
Prepaid Fees	1				1
Total Current Liabilities	3,473				3,473
Total Liabilities	3,473				3,473
Net Position					
Invested in Capital Assets Net of Related Debt	70,843				70,843
Unrestricted	157,609	4,996	184,266	8,396	355,267
Total Net Position	\$ 228,452	\$ 4,996	\$ 184,266	\$ 8,396	\$ 426,110

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities- Enterprise Fund				
	<u>Food Service</u>	<u>Preschool Program</u>	<u>After Care</u>	<u>Chrome Program</u>	<u>Total Enterprise</u>
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 155,535				\$ 155,535
Daily Sales - Non-Reimb.Programs	45,643				45,643
Miscellaneous		227,500	\$ 214,174	\$ 7,715	449,389
Total Operating Revenues	201,178	227,500	214,174	7,715	650,567
Operating Expenses:					
Cost of Sales - Reimbursable Programs	143,152				143,152
Cost of Sales - Non-reimbursable Programs	65,084				65,084
Salaries	138,292	229,350	120,224		487,866
Employee Benefits	39,596				39,596
Supplies	57,621	3,151	68,350	1,380	130,502
Other Purchased Professional Services	11,985				11,985
Miscellaneous	4,668				4,668
Depreciation	13,486				13,486
Total Operating Expenses	473,884	232,501	188,574	1,380	896,339
Operating Income (Loss)	(272,706)	(5,001)	25,600	6,335	(245,772)
Nonoperating Revenues (Expenses):					
State Sources:					
State School Lunch Program	5,007				5,007
Federal Sources:					
National School Lunch Program	224,207				224,207
School Breakfast Program	56,619				56,619
After School Snack Program					
Food Distribution Program	15,052				15,052
Total Nonoperating Revenues (Expenses)	300,885				300,885
Income (Loss) Before Contributions and Transfers	28,179	(5,001)	25,600	6,335	55,113
Transfers In (Out)	-	-	-	-	-
Change in Net Position	28,179	(5,001)	25,600	6,335	55,113
Total Net Position—Beginning	200,273	9,997	158,666	2,061	370,997
Total Net Position—Ending	\$ 228,452	\$ 4,996	\$ 184,266	\$ 8,396	\$ 426,110

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

DUNELLEN SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities- Enterprise Funds				
	<u>Food Service</u>	<u>Preschool Program</u>	<u>After Care</u>	<u>Chrome Program</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 201,179	\$ 227,500	\$ 215,578	\$ 7,715	\$ 651,972
Payments to Employees	(138,292)	(229,350)	(120,224)		(487,866)
Payments for Employee Benefits	(4,668)				(4,668)
Payments to Suppliers	(391,751)	(3,151)	(68,350)	(16,380)	(479,632)
Net Cash Provided by (used for) Operating Activities	(333,532)	(5,001)	27,004	(8,665)	(320,194)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	5,872				5,872
Federal Sources	318,558				318,558
Operating Subsidy Transfers from Other Funds	-	(4,000)			(4,000)
Net Cash Provided by (used for) Non-Capital Financing Activities	324,430	(4,000)			320,430
Net Increase (Decrease) in Cash and Cash Equivalents	(9,102)	(9,001)	27,004	(8,665)	236
Balances—Beginning of Year	146,297	13,997	154,556	17,061	331,911
Balances—End of Year	\$ 137,195	4,996	181,560	\$ 8,396	\$ 332,147
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:					
Operating Income (Loss)	\$ (272,706)	\$ (5,001)	\$ 25,600	\$ 6,335	\$ (245,772)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation	13,486				13,486
Federal Commodities	15,052				15,052
(Increase) Decrease in Receivables			1,404		1,404
(Increase) Decrease in Inventories	(8,507)				(8,507)
Increase (Decrease) in Payables	(80,857)			(15,000)	(95,857)
Total Adjustments	(60,826)		1,404	(15,000)	(74,422)
Net Cash Provided by (used for) Operating Activities	\$ (333,532)	\$ (5,001)	\$ 27,004	\$ (8,665)	\$ (320,194)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

DUNELLEN SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2020

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ <u>955,017</u>
Total Assets	\$ <u>955,017</u>
LIABILITIES	
Payroll Deductions and Withholdings	\$ 771,460
Flexible Spending Account	8,338
Salaries & Wages	(19,982)
Payable to Student Groups	<u>151,407</u>
Total Liabilities	\$ <u>911,223</u>
Net Position	
Held in Trust for Claims & Other Purposes	<u><u>\$ 43,794</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2020

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 5,388
Employer	<u>-</u>
Total Contributions	<u>5,388</u>
Investment Earnings:	
Interest	<u>63</u>
Net Investment Earnings	<u>63</u>
Total Additions	<u>5,451</u>
DEDUCTIONS	
Unemployment Claims	<u>66</u>
Total Deductions	<u>66</u>
Change in Net Position	5,385
Net Position—Beginning of the Year	<u>38,409</u>
Net Position—End of the Year	<u>\$ 43,794</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

Notes to Financial Statements

DUNELLEN SCHOOL DISTRICT

NOTES TO 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 (Board) of the Dunellen School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2019.

A. Reporting Entity:

The Dunellen School District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Dunellen School District had an approximate enrollment at June 30, 2020, of 1250 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School 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.

GOVERNMENTAL FUNDS

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 all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues. 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 Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Enterprise (Preschool Program) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's early childhood operations. The preschool fund provides preschool services recovered primarily through user charges (tuition).

Enterprise (After Care) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's operations provided after school hours. The after care fund provides services recovered primarily through user charges (tuition).

Enterprise (Chrome Program) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's operations for providing chromebook computers to students. The chrome program fund provides services recovered primarily through user charges contributing to the cost of providing chromebooks to students.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

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 and the Payroll Agency Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute as the municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. 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 approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget 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).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

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 reservations of 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 deferred revenues 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.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". 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 instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2020 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—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, income 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 income taxes is recognized in the period in which the income is earned. 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 available as an advance, interest and tuition.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the district would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2020, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (B-7)	Total
Checking	\$24,456,659	\$955,017	\$25,411,676
	<u>\$24,456,659</u>	<u>\$955,017</u>	<u>\$25,411,676</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$25,411,676 and the bank balance was \$26,200,196. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$25,950,196 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental receivables for grants and lunch reimbursements. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$164,491	\$164,585
Federal Aid	260,859	270,640
Gross Receivable-Governm.	<u>425,350</u>	<u>435,225</u>
Other Receivables	1,021,372	1,024,078
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$1,446,722</u>	<u>\$1,459,303</u>

Other receivables consisted of tuition in both the governmental fund and enterprise funds.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2020, consisted of the following:

Food	\$	10,300
Supplies		<u>3,711</u>
Total	\$	<u>14,011</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land and Land Improvements	\$ 644,814			\$ 644,814
Buildings and Building Improvements	27,623,583	\$ 2,756,516		30,380,099
Machinery and Equipment	512,262	\$ 283,770		796,032
Total at Historical Cost	<u>28,780,659</u>	<u>3,040,286</u>		<u>31,820,945</u>
Less Accumulated Depreciation for:				
Land Improvements	(429,019)	\$ (29,587)		(458,606)
Building and Improvements	(8,455,158)	(652,279)		(9,107,437)
Equipment	(484,564)	(19,414)		(503,978)
Total Accumulated Depreciation	<u>(9,368,741)</u>	<u>(701,280)</u>		<u>(10,070,021)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>19,411,918</u>	<u>2,339,006</u>		<u>21,750,924</u>
Government Activity Capital Assets, Net	\$ 19,411,918	\$ 2,339,006		\$ 21,750,924

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6: CAPITAL ASSETS-(continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 692,640
School Administration	8,200
Plant and Operations	440
Total Depreciation Expense	<u>\$ 701,280</u>

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance <u>7/1/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/20</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$6,565,000	23,800,000	(\$485,000)	\$29,880,000	\$500,000
Other Liabilities:					
Compensated Absences Payable	469,953		(3,017)	466,936	
Total	<u>\$7,034,953</u>	<u>23,800,000</u>	<u>(\$488,017)</u>	<u>\$30,346,936</u>	<u>\$500,000</u>

Compensated absences and capital leases have ben liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: LONG-TERM OBLIGATIONS-(Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2020, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities				
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Original Issue</u>	<u>Balance June 30, 2020</u>
General School Renovations					
Bonds Payable-Series 2020	3/26/20	Various	2/15/35	\$ 23,800,000	\$ 23,800,000
Bonds Payable-Series 2012	12/12/12	Various	7/15/29	8,005,000	6,080,000
Total Bonds					<u>\$ 29,880,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2020, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 500,000	\$ 620,568	\$ 1,120,568
2022	1,860,000	655,698	2,515,698
2023	1,935,000	633,925	2,568,925
2024	2,000,000	591,000	2,591,000
2025	2,080,000	539,200	2,619,200
2026	2,165,000	485,200	2,650,200
2027	2,245,000	429,000	2,674,000
2028	2,330,000	370,600	2,700,600
2029	2,420,000	309,900	2,729,900
2030	2,505,000	246,900	2,751,900
2031	1,835,000	211,400	2,046,400
2032	1,900,000	174,700	2,074,700
2033	1,965,000	136,700	2,101,700
2034	2,035,000	97,400	2,132,400
2035	2,105,000	56,700	2,161,700
	<u>\$ 29,880,000</u>	<u>\$ 5,558,891</u>	<u>\$ 35,438,891</u>

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is 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 district (employer) does 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 district. However, the state's portion of the net pension liability that was associated with the district was \$42,225,562 as measured on June 30, 2019 and \$43,9054,267 measured on June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$2,490,577 and revenue of \$2,490,577 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$12,599,296,329	\$10,077,460,797
Collective deferred inflows of resources	\$16,171,861,734	\$17,525,379,167
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$61,370,943,870
State's portion of the net pension liability that was associated with the district	\$43,904,267	\$42,225,562
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.069012%	0.068804%

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:	2.75%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

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.

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% 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:

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yeild	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - 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 based on 70% of the actuarially determined contributions for the State. 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 2054.

Therefore, the long-term expected rate of return on 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.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2019, calculated using the discount rate shown 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:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(4.60%)</u>	<u>(5.60%)</u>	<u>(6.60%)</u>

State's Collective Net Pension Liability	\$	72,544,649,801	\$	61,519,112,443	\$	52,371,397,951
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DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2019 was \$22,696,734,276

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

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

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total pension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expenses	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains/losses	<u>338,679,314</u>
Total pension expense	<u>\$3,628,561,693</u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

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

At June 30, 2020, the District reported a liability of \$4,188,445 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 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 total pension liability for the June 30, 2018 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was 0.02325% which was an increase of 0.000004% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$511,517. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 75,177	\$ 18,503
Changes of assumptions	418,232	1,453,796
Net difference between projected and actual earnings on pension plan investments	-	66,116
Changes in proportion and differences between District contributions and proportionate share of contributions	890,099	1,948
District contributions subsequent to the measurement date	277,813	
Total	<u>\$ 1,661,321</u>	<u>\$ 1,540,363</u>

\$277,813 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(\$18,154)
2021	(58,890)
2022	(52,585)
2023	(24,691)
2024	<u>(2,535)</u>
Total	<u>(\$156,855)</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
District's portion of net pension liability	\$4,506,461	\$4,188,445
District's proportion %	0.02288763%	0.02324527%

Actuarial assumptions - The collective 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:	2.75%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	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 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS'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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yeild	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 net pension liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(5.28%)	(6.28%)	(7.28%)
District's proportionate share of the net pension liability	\$ 5,290,687	\$4,188,445	\$ 3,259,650

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$424,927
Interest on total pension liability	1,259,444
Member contributions	(292,679)
Administrative expenses	7,753
Expected investment return net of investment expenses	(781,475)
Pension expense related to specific liabilities of individual employers	(3,660)
Recognition (amortization) of deferred inflows/outflows:	0
Recognition of economic/demographic gains/losses	94,821
Recognition of assumption changes or inputs	(289,807)
Recognition of investment gains/losses	<u>92,194</u>
Total pension expense	<u>\$511,517</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2020	\$227,813	100 %	-0-
6/30/2019	\$229,431	100	-0-
6/30/2018	\$179,536	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2020	\$1,552,403	100 %	-0-
6/30/2019	\$1,383,230	100	-0-
6/30/2018	\$1,043,184	100	-0-

During the fiscal year ended June 30, 2020, the State of New Jersey did contribute \$2,127,653 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$576,770 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 are the responsibility of the individual local education employers.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The June 30, 2020 GASB 75 reporting is based on a measurement date of June 30, 2019. 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, 2018 was determined by an actuarial valuation as of June 30, 2018. 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%
Salary Increases Through 2026:	1.55-3.05% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-3.05% TPAF 2.00-7.00% PERS Based on service years
Discount rate (2019)	3.50%
Discount rate (2018)	3.87%

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Healthcare cost trend rates (PPO Plans)	5.7% decreasing to 4.5% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	7.5% decreasing to 4.5% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

Preretirement 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-2018 scale. Postretirement 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-2018 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 the MP-2018 scale.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018	\$46,110,832,982
<u>Changes for the year:</u>	
Service Cost	1,734,404,850
Interest	1,827,787,206
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	37,971,171
Net changes	<u>(4,381,751,937)</u>
The State's Total OPEB Liability Balance at 6/30/2019	<u>\$41,729,081,045</u>
The State's total OPEB liability attributable to the District:	\$26,441,348

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 and other changes.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

		June 30, 2019		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability (School Retirees)		\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

		June 30, 2018		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability (School Retirees)		\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

		June 30, 2019		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

		June 30, 2018		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$911,726 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11: RISK MANAGEMENT - (Continued)

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 following is a summary of District contributions, 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$63	\$5,388	66	\$43,794
2018-2019	\$44	\$41,086	\$28,210	\$38,409
2017-2018	\$20,044	\$31,485	\$58,942	\$25,489

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

There are no material threatened litigations, claims or assessments, including unasserted claims and assessments known to the Board of Education.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$861,815 General Fund fund balance at June 30, 2020, \$418,156 is reserved for encumbrances; \$227,262 is reserved for Capital Reserve; \$618,916 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7; and, (\$402,519) is unreserved and undesignated.

NOTE 14: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve 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 years' budget. The excess fund balance at June 30, 2020 is 618,916.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

No interfund balances remained on the balance sheet at June 30, 2020:

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Dunellen School District Board of Education by inclusion of \$1. on October 11, 2000, 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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), 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	\$ 227,262
Budgeted Withdrawal	(2,500,000)
Budgeted Deposit	2,500,000
Ending Balance, June 30, 2020	<u><u>\$ 227,262</u></u>

NOTE 17: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

NOTE 18: SUBSEQUENT EVENTS

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to June 30, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the District's tax base revenue, absenteeism in the District's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,079,439		\$ 12,079,439	\$ 12,079,439	
Tuition from Individuals	30,000		30,000	15,800	\$ (14,200)
Miscellaneous	-		-	540,860	540,860
Total - Local Sources	<u>12,109,439</u>		<u>12,109,439</u>	<u>12,636,099</u>	<u>526,660</u>
State Sources:					
Equalization Aid	7,068,999		7,068,999	7,068,999	
Transportation Aid	76,133		76,133	76,133	
Special Education Aid	1,045,367		1,045,367	1,045,367	
Security Aid	361,377		361,377	361,377	
Extraordinary Aid	100,000		100,000	134,306	34,306
TPAF Pension (On-Behalf - Non-Budgeted)				1,550,616	1,550,616
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				575,250	575,250
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,787	1,787
TPAF Social Security (Reimbursed - Non-Budgeted)				576,770	576,770
Total State Sources	<u>8,651,876</u>		<u>8,651,876</u>	<u>11,390,605</u>	<u>2,738,729</u>
Federal Sources:					
Medical Assistance Program	31,961		31,961	14,196	(17,765)
Total Federal Sources	<u>31,961</u>		<u>31,961</u>	<u>14,196</u>	<u>(17,765)</u>
TOTAL REVENUES	<u>20,793,276</u>		<u>20,793,276</u>	<u>24,040,900</u>	<u>3,247,624</u>

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	269,700	(5,320)	264,380	263,305	1,075
Grades 1-5 - Salaries of Teachers	1,569,742	107,682	1,677,424	1,675,164	2,260
Grades 6-8 - Salaries of Teachers	1,171,182	(64,335)	1,106,847	1,103,030	3,817
Grades 9-12 - Salaries of Teachers	1,819,061	135,242	1,954,303	1,952,975	1,328
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	(12,000)	8,000	2,635	5,365
Purchased Professional-Educational Services	23,175	(8,089)	15,086	15,008	78
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	163,000	(64,861)	98,139	96,053	2,086
Purchased Professional-Educational Services	7,500		7,500	3,945	3,555
General Supplies	188,850	(52,479)	136,371	118,996	17,375
Textbooks	103,500	(96,273)	7,227	2,664	4,563
TOTAL REGULAR PROGRAMS - INSTRUCTION	5,335,710	(60,433)	5,275,277	5,233,775	41,502
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	51,600	51,100	102,700	102,700	
Other Salaries for Instruction	24,250	8,069	32,319	23,461	8,858
General Supplies	1,825	(450)	1,375	1,328	47
Total Learning and/or Language Disabilities	77,675	58,719	136,394	127,489	8,905
Multiple Disabilities:					
Salaries of Teachers	231,000	(8,160)	222,840	222,840	
Other Salaries for Instruction	45,000		45,000	30,450	14,550
Purchased Professional-Educational Services		32,319	32,319	23,443	8,876
General Supplies	3,935	(900)	3,035	3,225	(190)
Total Multiple Disabilities	279,935	23,259	303,194	279,958	23,236

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	520,000	(51,890)	468,110	467,910	200
Other Salaries for Instruction	300,000	(88,250)	211,750	211,750	
Purchased Professional-Educational Services	40,000	56,957	96,957	77,286	19,671
General Supplies	3,000	(650)	2,350	2,266	84
Total Resource Room/Resource Center	863,000	(83,833)	779,167	759,212	19,955
Autism:					
Salaries of Teachers	110,000	(55,000)	55,000	55,000	
Other Salaries for Instruction	48,500		48,500	48,500	
Purchased Professional-Educational Services	40,000	(40,000)			
General Supplies	1,825	(445)	1,380	1,380	
Total Autism:	200,325	(95,445)	104,880	104,880	
Preschool Disabilities - Full Time:					
Purchased Professional-Educational Services	150,000	30,000	180,000	180,000	
Total Preschool Disabilities - Full Time	150,000	30,000	180,000	180,000	
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,570,935	(67,300)	1,503,635	1,451,539	52,096
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	123,630	24,765	148,395	128,048	20,347
Total Basic Skills/Remedial - Instruction:	123,630	24,765	148,395	128,048	20,347
Bilingual Education - Instruction:					
Salaries of Teachers	205,000	(19,425)	185,575	185,575	
General Supplies	1,000		1,000	1,000	
Total Bilingual Education - Instruction	206,000	(19,425)	186,575	186,575	
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	120,583	(1,500)	119,083	117,051	2,032
Supplies and Materials	1,370	1,500	2,870	229	2,641
Other Objects	230		230	185	45
Total School-Spon. Cocurricular Actvts. - Inst.	122,183		122,183	117,465	4,718

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
School-Spon. Athletics - Instruction:					
Salaries	175,000	4,909	179,909	170,676	9,233
Purchased Services (300-500 series)	21,775	1,350	23,125	21,170	1,955
Supplies and Materials	16,714		16,714	12,834	3,880
Other Objects	13,048	(1,350)	11,698	10,937	761
Transfer to Cover Deficit (Agency Funds)	25,000		25,000	25,000	
Total School-Spon. Athletics - Inst.	251,537	4,909	256,446	240,617	15,829
TOTAL INSTRUCTION	7,609,995	(117,484)	7,492,511	7,358,019	134,492
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	152,888	6,500	159,388	136,201	23,187
Tuition to CSSD & Regional Day Schools	376,728	35,005	411,733	411,513	220
Tuition to Priv. Sch. For Disabled within State	620,596	(245,042)	375,554	344,106	31,448
Total Instruction	1,150,212	(203,537)	946,675	891,820	54,855
Attendance and Social Work:					
Salaries	111,842	488	112,330	112,230	100
Supplies and Materials	2,976		2,976	1,151	1,825
Total Attendance and Social Work	114,818	488	115,306	113,381	1,925
Health Services:					
Salaries	138,691	(575)	138,116	138,116	
Purchased Professional and Technical Services	10,000	(2,000)	8,000	170	7,830
Supplies and Materials	6,585	2,166	8,751	5,937	2,814
Total Health Services	155,276	(409)	154,867	144,223	10,644
Other Supp. Services Students-Related Services:					
Salaries	116,600	30,100	146,700	144,100	2,600
Purchased Professional-Educational Services	125,000	(91,579)	33,421	32,250	1,171
Supplies and Materials	1,685	6	1,691	1,691	
Total Other Supp. Services Students-Related Services	243,285	(61,473)	181,812	178,041	3,771
Other Supp. Services Students-Extra. Services:					
Purchased Professional-Educational Services	75,000	26,352	101,352	100,956	396
Total Other Supp. Services Students-Extra. Services	75,000	26,352	101,352	100,956	396

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Guidance:					
Salaries of Other Professional Staff	172,325	1,529	173,854	165,925	7,929
Salaries of Secretarial and Clerical Assistants	49,800		49,800	49,800	
Other Purchased Prof. and Tech. Services	5,900	7,200	13,100	13,100	
Supplies and Materials	1,200		1,200	765	435
Other Objects	2,050		2,050	1,693	357
Total Guidance	231,275	8,729	240,004	231,283	8,721
Child Study Teams:					
Salaries of Other Professional Staff	491,000	56,878	547,878	547,877	1
Salaries of Secretarial and Clerical Assistants	60,180	(867)	59,313	59,313	
Other Salaries	9,180	(9,180)			
Purchased Professional-Educational Services	42,000	(722)	41,278	39,215	2,063
Misc Pur Serv (400-500 series O/Than Resid Costs)	1,250	21,000	22,250	20,646	1,604
Supplies and Materials	7,500	1,795	9,295	8,448	847
Other Objects	2,100		2,100	1,693	407
Total Child Study Teams	613,210	68,904	682,114	677,192	4,922
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	132,600	3,000	135,600	135,600	
Salaries of Other Professional Staff	22,950	(6,375)	16,575	16,171	404
Salaries of Secretarial and Clerical Assistants	66,600		66,600	66,600	
Purchased Professional-Educational Services	7,000	(500)	6,500	4,704	1,796
Other Purchased Services (400-500 series)	8,000	300	8,300	7,400	900
Supplies and Materials	3,600	129,551	133,151	121,202	11,949
Other Objects	3,700	500	4,200	2,900	1,300
Total Improvement of Instructional Services	244,450	126,476	370,926	354,577	16,349
Educational Media Services/School Library:					
Salaries	125,436	(55,334)	70,102	70,102	
Salaries of Technology Coordinators	92,750		92,750	92,750	
Supplies and Materials	7,100		7,100	4,381	2,719
Other Objects	100		100		100
Total Educational Media Services/School Library	225,386	(55,334)	170,052	167,233	2,819
Instructional Staff Training Services:					
Purchased Professional-Educational Services	5,000	(1,411)	3,589	1,700	1,889
Total Instructional Staff Training Services	5,000	(1,411)	3,589	1,700	1,889

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	238,289		238,289	238,289	
Legal Services	35,000	3,060	38,060	35,141	2,919
Audit Fees	25,000	(4,297)	20,703	20,703	
Other Purchased Professional Services	11,000		11,000	10,780	220
Purchased Technical Services	7,500	7,833	15,333	7,202	8,131
Communications/Telephone	67,500	(1,539)	65,961	49,313	16,648
Other Purchased Services (400-500 series)	148,750	46,459	195,209	140,894	54,315
General Supplies	3,000	121	3,121	2,905	216
Miscellaneous Expenditures	15,750	10,138	25,888	25,824	64
BOE Membership Dues & Fees	10,000	(2,636)	7,364	7,364	
Total Supp. Services - General Administration	561,789	59,139	620,928	538,415	82,513
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	620,850	23,150	644,000	635,850	8,150
Salaries of Other Professional Staff	29,050		29,050	29,050	
Salaries of Secretarial and Clerical Assistants	118,800	24,009	142,809	119,709	23,100
Other Purchased Services (400-500 series)	4,680		4,680	3,709	971
Supplies and Materials	23,100	(8,290)	14,810	9,622	5,188
Other Objects	6,300		6,300	3,183	3,117
Total Support Services - School Administration	802,780	38,869	841,649	801,123	40,526
Central Services:					
Salaries	286,000	(21,574)	264,426	261,686	2,740
Purchased Professional Services	3,000	1,863	4,863	3,363	1,500
Misc. Purchased Services (400-500 series)	6,400	3,100	9,500	6,250	3,250
Supplies and Materials	3,500	1,006	4,506	4,411	95
Miscellaneous Expenditures	5,600	(4,206)	1,394	1,394	
Total Central Services	304,500	(19,811)	284,689	277,104	7,585
Admin Information Technology:					
Salaries	92,750	35,206	127,956	127,929	27
Purchased Technical Services	85,000	(10,000)	75,000	71,886	3,114
Supplies and Materials	35,000	10,000	45,000	34,452	10,548
Other Objects	250		250	80	170
Total Admin Information Technology	213,000	35,206	248,206	234,347	13,859

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	143,820	20,515	164,335	163,074	1,261
Cleaning, Repair and Maintenance Services	80,000	11,094	91,094	86,364	4,730
General Supplies	54,000	(31,621)	22,379	20,273	2,106
Other Objects	4,500	216	4,716	4,716	
Total Required Maintenance for School Facilities	282,320	204	282,524	274,427	8,097
Other Operations and Maintenance of Plant:					
Salaries	415,272	(243)	415,029	414,735	294
Purchased Professional and Technical Services	13,000	(546)	12,454	7,330	5,124
Cleaning, Repair and Maintenance Services	155,250	43,259	198,509	170,866	27,643
Other Purchased Property Services	40,000	(8,663)	31,337	19,789	11,548
Insurance	97,500	9,334	106,834	97,643	9,191
Miscellaneous Purchased Services	3,500		3,500	2,750	750
General Supplies	50,000	13,000	63,000	40,929	22,071
Energy (Natural Gas)	70,000	26,417	96,417	96,417	
Energy (Electricity)	180,000		180,000	164,516	15,484
) Other Objects	3,000		3,000		3,000
Total Other Operations and Maintenance of Plant	1,027,522	82,558	1,110,080	1,014,975	95,105
Care and Upkeep of Grounds:					
Salaries	45,000	2,478	47,478	47,190	288
Cleaning, Repair and Maintenance Services	11,500	(8,181)	3,319	1,315	2,004
General Supplies	10,000	9,621	19,621	17,614	2,007
Other Objects	250	158	408	408	
Total Care and Upkeep of Grounds	66,750	4,076	70,826	66,527	4,299
Security:					
Purchased Professional and Technical Services	135,000	53,592	188,592	182,569	6,023
General Supplies	15,000	454	15,454	15,454	
Total Security	150,000	54,046	204,046	198,023	6,023
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-Charter Sch.	5,000	(5,000)			
Contract Services (Other than Between Home & School)-Vendors	63,900	(18,885)	45,015	39,883	5,132
Contract Services - (Special Ed. Students) - Vendors	55,000	(2,999)	52,001	39,046	12,955
Contract Services - (Special Ed. Students) - Joint Agrmts	25,000	57,477	82,477	43,101	39,376
Contracted Services (Spec Ed. Students)-ESC's & CTSA's	410,000	(54,547)	355,453	273,190	82,263
Total Student Transportation Services	558,900	(23,954)	534,946	395,220	139,726

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Regular Programs-Instruction:					
Social Security Contributions	205,000	8,093	213,093	213,093	
Other Retirement Contributions - PERS	230,000		230,000	227,813	2,187
Workman's Compensation	85,000	13,379	98,379	98,379	
Health Benefits	3,101,646	(63,197)	3,038,449	3,038,449	
Tuition Reimbursement	35,000	(256)	34,744	4,074	30,670
Other Employee Benefits		403	403	403	
Unused Sick Payment to Term/Ret. Staff	7,560	15,650	23,210	23,210	
Total Regular Programs-Instruction	3,664,206	(25,928)	3,638,278	3,605,421	32,857
UNALLOCATED BENEFITS					
On-behalf TPAF pension Contrib. (non-budgeted)				1,550,616	(1,550,616)
On-behalf TPAF PRM Contrib. (non-budgeted)				575,250	(575,250)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,787	(1,787)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				576,770	(576,770)
TOTAL ON-BEHALF CONTRIBUTIONS				2,704,423	(2,704,423)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	3,664,206	(25,928)	3,638,278	6,309,844	(2,671,566)
TOTAL UNDISTRIBUTED EXPENDITURES	10,689,679	113,190	10,802,869	12,970,411	(2,167,542)
TOTAL GENERAL CURRENT EXPENSE	18,299,674	(4,294)	18,295,380	20,328,430	(2,033,050)
CAPITAL OUTLAY					
EQUIPMENT					
Regular Programs - Instruction:					
Undistributed Expenditures-Instruction	15,000		15,000	15,000	
Undist. Expend.-Care and Upkeep of Grounds	50,000	5,000	55,000	54,142	858
TOTAL EQUIPMENT	65,000	5,000	70,000	69,142	858
FACILITIES ACQUISITIONS AND CONSTRUCT. SVCS:					
Construction Services	230,000		225,000	214,628	
Assessment for Debt Service on SDA Funding	61,602		61,602	61,602	
TOTAL FACILITIES ACQUISITIONS AND CONST. SVCS	291,602		286,602	276,230	
TOTAL CAPITAL OUTLAY	356,602	5,000	356,602	345,372	858
Transfer of Funds to Charter Schools	36,000	5,294	41,294	30,634	10,660

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL EXPENDITURES	18,692,276	6,000	18,693,276	20,704,436	(2,021,532)
Excess (Deficiency of Revenues Over(Under) Expenditures	2,101,000	(6,000)	2,100,000	3,336,464	1,236,464
Other Financing Sources:					
Operating Transfer In/(Out):					
Capital Reserve - Transfer to Capital Projects Fund	(2,500,000)		(2,500,000)	(2,500,000)	
Total Other Financing Sources:	(2,500,000)		(2,500,000)	(2,500,000)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(399,000)	(6,000)	(400,000)	836,464	1,236,464
Fund Balance, July 1	872,176		872,176	872,176	
Fund Balance, June 30	\$ 473,176	(6,000)	\$ 472,176	\$ 1,708,640	\$ 1,236,464
Recapitulation:					
Restricted for:					
Excess Surplus				618,916	
Excess Reserve - Designated for Subsequent Year's Expenditures				227,262	
Capital Reserve					
Assigned to:					
Reserve for Encumbrances				418,156	
Designated for Subsequent Year's Expenditures				-	
Unassigned:					
Unrestricted Fund Balance				444,306	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>1,708,640</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(846,825)	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 861,815</u>	

DUNELLEN SCHOOL DISTRICT

Exhibit C-2

**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 Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 75,000	\$ 75,000	-	\$ (75,000)
Federal Sources	\$ 502,000	74,636	576,636	\$ 331,799	(244,837)
Total Revenues	502,000	149,636	651,636	331,799	(319,837)
EXPENDITURES:					
Instruction					
Salaries of Teachers	260,000	(81,149)	178,851	45,361	133,490
Other Salaries for Instruction		7,713	7,713		7,713
Tuition	230,000	33,482	263,482	175,000	88,482
General Supplies		94,044	94,044	3,892	90,152
Total Instruction	490,000	54,090	544,090	224,253	319,837
Support Services					
Salaries of Supervisors of Instruction	12,000	(11,985)	15	15	
Employee Benefits		81,869	81,869	81,869	
Purchased Professional Education Serv.		6,668	6,668	6,668	
Other Purchased Services		18,994	18,994	18,994	
Total Support Services	12,000	95,546	107,546	107,546	
Total Expenditures	502,000	149,636	651,636	331,799	319,837
Total Outflows	\$ 502,000	149,636	\$ 651,636	\$ 331,799	\$ 319,837
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					None

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2020

**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 (Exhibits C-1 and C-2, respectively)	\$ 24,040,900	\$ 331,799
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	(5,625)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	746,795	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(846,825)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 23,940,870</u>	<u>\$ 326,174</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 20,704,436	\$ 331,799
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	(5,625)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 20,704,436</u>	<u>\$ 326,174</u>

Dunellen School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years *

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
State's proportionate share of the net pension liability (asset) associated with the District	\$ 42,225,562	\$ 43,904,267	\$ 43,685,729	\$ 54,592,675	\$ 43,760,207	\$ 34,978,482	\$ 33,921,884			
Total	\$ 42,225,562	\$ 43,904,267	\$ 43,685,729	\$ 54,592,675	\$ 43,760,207	\$ 34,978,482	\$ 33,921,884			
District's covered employee payroll	\$ 7,853,100	\$ 7,673,817	\$ 7,446,556	\$ 7,138,073	\$ 6,912,756	\$ 6,554,337	\$ 6,455,667			
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%			

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Public Employees' Retirement System (PERS)

Exhibit L-1

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.023245270%	0.022887630%	0.019050550%	0.017077942%	0.0160802473%	0.0161605205%	0.0149235631%			
District's proportionate share of the net pension liability (asset)	\$ 4,188,445	\$ 4,506,461	\$ 4,434,664	\$ 5,057,997	\$ 3,609,693	\$ 3,025,691	\$ 2,852,189			
District's covered employee payroll	\$ 1,724,601	\$ 1,682,675	\$ 1,637,182	\$ 1,574,452	\$ 1,265,305	\$ 1,156,451	\$ 1,149,748			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	242.86%	267.82%	270.87%	321.25%	285.28%	261.64%	248.07%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%			

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Dunellen School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's covered employee payroll	\$ 7,853,100	\$ 7,673,817	\$ 7,446,556	\$ 7,138,073	\$ 6,912,756	\$ 6,554,337	\$ 6,455,667			
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 227,813	\$ 229,431	\$ 179,536	\$ 151,718	\$ 138,247	\$ 133,225	\$ 130,284			
Contributions in relation to the contractually required contribution	(227,813)	(229,431)	(179,536)	(151,718)	(138,247)	(133,225)	(130,284)			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
District's covered employee payroll	\$ 1,724,601	\$ 1,682,675	\$ 1,637,182	\$ 1,574,452	\$ 1,265,305	\$ 1,156,451	\$ 1,149,748			
Contributions as a percentage of covered-employee payroll	13.21%	13.63%	10.97%	9.64%	10.93%	11.52%	11.33%			

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Dunellen School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<u>The State of New Jersey's Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Service Cost	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319						
Interest	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792						
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)								
Benefit Payments	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)						
Contributions from Members	37,971,171	42,614,005	45,748,749	46,273,747						
Changes of Assumptions or other inputs	<u>622,184,027</u>	<u>(5,291,448,855)</u>	<u>(7,086,599,129)</u>	<u>8,611,513,521</u>						
Net change in total OPEB liability	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360						
Total OPEB Liability - Beginning	\$ <u>46,110,832,982</u>	\$ <u>53,639,841,858</u>	\$ <u>57,831,784,184</u>	\$ <u>46,849,651,824</u>						
Total OPEB Liability - Ending	\$ <u>41,729,081,045</u>	\$ <u>46,110,832,982</u>	\$ <u>53,639,841,858</u>	\$ <u>57,831,784,184</u>						
The State of New Jersey's total OPEB liability **	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184						
The State of New Jersey's OPEB liability attributable to the District **	\$ 26,441,348	\$ 29,844,314	\$ 34,000,620	\$ 36,380,960						
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero						
District's covered employee payroll	\$ 9,577,701	\$ 9,356,492	\$ 9,083,738	\$ 8,712,525						
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%						
District's contribution	None	None	None	None						
State's covered employee payroll ***	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208						
Total State's OPEB liability as a percentage of its covered-employee payroll	299.58%	338.05%	397.53%	428.59%						

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2017 and June 30, 2018 census data, respectively

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

DUNELLEN SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of 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 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

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

DUNELLEN SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2020

	Title I Part A	Title II Part A	Title III Title III	Title III Immigrant	Title IV	IDEA Basic	Totals
REVENUES							
Federal Sources	\$ 126,869	\$ 17,132	\$ 3,003	\$ 1,250	\$ 8,545	\$ 175,000	\$ 331,799
TOTAL REVENUES	126,869	17,132	3,003	1,250	8,545	175,000	331,799
EXPENDITURES:							
Instruction:							
Salaries of Teachers	45,000		361				45,361
Tuition						175,000	175,000
General Supplies			2,642	1,250			3,892
Total Instruction	45,000		3,003	1,250		175,000	224,253
Support Services:							
Salaries of Supervisors of Instruction		15					15
Employee Benefits	81,869						81,869
Purchased Professional Education Serv.		6,668					6,668
Other Purchased Services		10,449			8,545		18,994
Total Support Services	81,869	17,132			8,545		107,546
TOTAL EXPENDITURES	126,869	17,132	3,003	1,250	8,545	175,000	331,799
Total Outflows	126,869	17,132	3,003	1,250	8,545	175,000	331,799
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

DUNELLEN SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2020

	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2020</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Athletic Soccer Field Projects	Board of Education	8/15/17 5/3/19	\$ 408,477	\$ 600,000		\$ 600,000	-
Security Projects	Board of Education	8/15/17 5/3/19	87,931	1,471,026	\$ 1,444,342	26,684	-
Sanitary Line Project	Board of Education	5/3/19	900,000	1,089,631		1,079,401	\$ 10,230
Dunellen High School Exterior Doors	Board of Education	5/3/19	130,000	129,328		108,723	20,605
Dunellen High School Security	Board of Education	5/3/19	790,058	17,233		17,227	6
Faber Elementary Classroom Addition	Board of Education	5/3/19	1,142,066	1,142,066		-	1,142,066
Referendum Project	Voters	12/10/19	23,800,000	23,800,000		924,481	22,875,519
			<u>\$ 27,258,532</u>	<u>\$ 28,249,284</u>	<u>\$ 1,444,342</u>	<u>2,756,516</u>	<u>\$ 24,048,426</u>

Fund Balances, June 30, 2020 \$ 24,048,426

DUNELLEN SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2020

Revenues and Other Financing

Sources/(Uses):

Bond Proceeds	\$ 23,800,000
Transfer from Capital Reserve - General Fund	2,500,000
Transfer to Capital Reserve - General Fund	<u>-</u>
Total Revenues	<u>26,300,000</u>

Expenditures and Other Financing

Uses

Professional Fees	394,619
Construction Services	<u>2,361,897</u>
Total Expenditures	<u>2,756,516</u>

Excess(deficiency) of revenues over(under) expenditures	23,543,484
Fund Balance - Beginning	<u>504,942</u>
Fund Balance - Ending	<u><u>\$ 24,048,426</u></u>

DUNELLEN SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
VARSITY SOCCER FIELD PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
	<u>Periods</u>	<u>Year</u>		
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 250,000		\$ 250,000	\$ 250,000
Transfer from Capital Reserve	250,000	\$ 100,000	350,000	350,000
Transfer to Capital Reserve			-	
Total Revenues	500,000	100,000	600,000	600,000
Expenditures and Other Financing Sources				
Construction Services		600,000	600,000	600,000
Total Expenditures	-	600,000	600,000	600,000
Excess(deficiency) of revenues over(under) expenditures	\$ 500,000		-	
		Project Fund Balance, 6/30/2020	-	

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$400,000
Additional Authorized Cost	\$200,000
Revised Authorized Cost	\$600,000
Percentage Increase over Original Authorized Cost	50.0%
Percentage Completion	100.0%
Original Target Completion Date	6/30/18
Revised Target Completion Date	6/30/19

DUNELLEN SCHOOL DISTRICT

Exhibit F-2d

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
SECURITY PROJECTS

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 1,449,284	\$ 21,742	\$ 1,471,026	\$ 1,471,026
Total Revenues	<u>1,449,284</u>	<u>21,742</u>	<u>1,471,026</u>	<u>1,471,026</u>
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services	24,520		24,520	24,520
Construction Services	1,419,822	26,684	1,446,506	1,446,506
Total Expenditures	<u>1,444,342</u>	<u>26,684</u>	<u>1,471,026</u>	<u>1,471,026</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 4,942</u>		<u>-</u>	

Project Fund Balance, 6/30/2020 -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$87,931
Additional Authorized Cost	\$1,383,095
Revised Authorized Cost	\$1,471,026

Percentage Increase over Original Authorized Cost	1572.9%
Percentage Completion	100.0%
Original Target Completion Date	6/30/18
Revised Target Completion Date	10/31/19

DUNELLEN SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
SANITARY LINE REPLACEMENT

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 1,089,631	\$ 1,089,631	\$ 1,089,631
Total Revenues	-	1,089,631	1,089,631	1,089,631
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services		13,999	13,999	
Construction Services		1,065,402	1,065,402	1,089,631
Total Expenditures	-	1,079,401	1,079,401	1,089,631
Excess(deficiency) of revenues over(under) expenditures	-		\$ 10,230	
			Project Fund Balance, 6/30/2020	<u>\$ 10,230</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$900,000
Additional Authorized Cost	\$189,631
Revised Authorized Cost	\$1,089,631
Percentage Increase over Original Authorized Cost	21.1%
Percentage Completion	99.1%
Original Target Completion Date	6/30/20
Revised Target Completion Date	6/30/20

DUNELLEN SCHOOL DISTRICT

Exhibit F-2d

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
DUNELLEN HIGH SCHOOL EXTERIOR DOORS**

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 129,328	\$ 129,328	\$ 129,328
Total Revenues	-	129,328	129,328	129,328
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services			-	
Construction Services		108,723	108,723	129,328
Total Expenditures	-	108,723	108,723	129,328
Excess(deficiency) of revenues over(under) expenditures	-		\$ 20,605	
			<u>\$ 20,605</u>	
		Project Fund Balance, 6/30/2020	<u>\$ 20,605</u>	

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$130,000
Additional Authorized Cost	-\$672
Revised Authorized Cost	\$129,328
Percentage Increase over Original Authorized Cost	-0.5%
Percentage Completion	84.1%
Original Target Completion Date	6/30/20
Revised Target Completion Date	6/30/20

DUNELLEN SCHOOL DISTRICT

Exhibit F-2e

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
DUNELLEN HIGH SCHOOL SECURITY**

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 17,233	\$ 17,233	\$ 17,233
Total Revenues	-	17,233	17,233	17,233
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services			-	
Construction Services		17,227	17,227	17,233
Total Expenditures	-	17,227	17,227	17,233
Excess(deficiency) of revenues over(under) expenditures	-		\$ 6	
			<u>\$ 6</u>	
		Project Fund Balance, 6/30/2020	<u>\$ 6</u>	

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$790,058
Additional Authorized Cost	-\$772,825
Revised Authorized Cost	\$17,233
Percentage Increase over Original Authorized Cost	-97.8%
Percentage Completion	100.0%
Original Target Completion Date	6/30/20
Revised Target Completion Date	6/30/20

DUNELLEN SCHOOL DISTRICT

Exhibit F-2f

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
FABER ELEMENTARY CLASSROOM ADDITION**

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 1,142,066	\$ 1,142,066	\$ 1,142,066
Total Revenues	-	1,142,066	1,142,066	1,142,066
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services			-	
Construction Services			-	1,142,066
Total Expenditures	-	-	-	1,142,066
Excess(deficiency) of revenues over(under) expenditures	-		\$ 1,142,066	
			Project Fund Balance, 6/30/2020	<u>\$ 1,142,066</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,142,066
Additional Authorized Cost	
Revised Authorized Cost	\$1,142,066
Percentage Increase over Original Authorized Cost	
Percentage Completion	
Original Target Completion Date	6/30/20
Revised Target Completion Date	6/30/20

DUNELLEN SCHOOL DISTRICT

Exhibit F-2g

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
REFERENDUM PROJECTS

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing				
Sources				
Bond Proceeds		\$23,800,000	\$ 23,800,000	\$ 23,800,000
Total Revenues	-	23,800,000	23,800,000	23,800,000
Expenditures and Other Financing				
Sources				
Purchased Professional and Technical Services		380,620	380,620	3,570,000
Construction Services		543,861	543,861	20,230,000
Total Expenditures	-	924,481	924,481	23,800,000
Excess(deficiency) of revenues over(under) expenditures	-		\$ 22,875,519	

Project Fund Balance, 6/30/2020 \$ 22,875,519

Additional project information:

Project Numbers:	
DHS Alterations	1140-040-19-5000
DHS Boilers	1140-040-19-6000
DHS Tee Center	1140-040-19-7000
DHS Multiple Renovations	1140-040-19-8000
DHS Generator	1140-040-19-9000
DHS Aud, Music Rm, Wood Shop	1140-040-19-11000
Faber HVAC & Roof	1140-050-19-4000
Faber Generator	1140-050-19-6000
Lincoln MS Toilet & Stairwell Renovations	1140-060-19-2000
Grant Date	N/A
Bond Authorization Date	12/10/19
Bonds Authorized	\$23,800,000
Bonds Issued	\$23,800,000
Original Authorized Cost	\$23,800,000
Additional Authorized Cost	
Revised Authorized Cost	\$23,800,000

Percentage Increase over Original
Authorized Cost

Percentage Completion	3.9%
Original Target Completion Date	6/30/20
Revised Target Completion Date	6/30/21

**PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

DUNELLEN SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	UNEMPLOYMENT COMPENSATION			AGENCY FUNDS		<u>TOTALS</u>
	INSURANCE <u>TRUST</u>	STUDENT <u>ACTIVITY</u>	PAYROLL <u>AGENCY</u>			
ASSETS:						
Cash and Cash Equivalents	\$ 43,794	\$ 151,407	\$ 759,816	\$	\$	955,017
TOTAL ASSETS	<u>\$ 43,794</u>	<u>\$ 151,407</u>	<u>\$ 759,816</u>			<u>955,017</u>
LIABILITIES:						
Liabilities:						
Payroll Deductions and Withholdings			\$ 771,460	\$	\$	771,460
Flexible Spending Account			8,338			8,338
Salaries & Wages			(19,982)			(19,982)
Payable to Student Groups		\$ 151,407				151,407
Total Liabilities		<u>\$ 151,407</u>	<u>\$ 759,816</u>			<u>911,223</u>
Net Position						
Held in Trust for						
Claims and Other Purposes	\$ 43,794					43,794
TOTAL LIABILITIES AND NET POSITION	<u>\$ 43,794</u>	<u>\$ 151,407</u>	<u>\$ 759,816</u>			<u>955,017</u>

DUNELLEN SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	UNEMPLOYMENT COMPENSATION INSURANCE	
	<u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 5,388	\$ 5,388
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>5,388</u>	<u>5,388</u>
Investment Earnings:		
Interest	<u>63</u>	<u>63</u>
Net Investment Earnings	<u>63</u>	<u>63</u>
Total Additions	<u>5,451</u>	<u>5,451</u>
DEDUCTIONS		
Unemployment Claims/Quarterly Remittance	<u>66</u>	<u>66</u>
Total Deductions	<u>66</u>	<u>66</u>
Change in Net Position	5,385	5,385
Net Position—Beginning of the Year	<u>38,409</u>	<u>38,409</u>
Net Position—End of the Year	<u>\$ 43,794</u>	<u>\$ 43,794</u>

DUNELLEN SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2019</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2020</u>
Farber School	\$ 15,768		\$ 13,917	\$ 7,728	\$ 21,957
Lincoln Middle School/Dunellen High School	109,691		85,046	76,080	118,657
Student Activity Athletics Accounts	<u>9,439</u>	<u>-</u>	<u>25,016</u>	<u>23,662</u>	<u>10,793</u>
Totals	\$ 134,898	\$ -	\$ 123,979	\$ 107,470	\$ 151,407

DUNELLEN SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 11,369	\$ 12,401,222	\$ 11,652,775	\$ 759,816
Total Assets	<u>\$ 11,369</u>	<u>\$ 12,401,222</u>	<u>\$ 11,652,775</u>	<u>\$ 759,816</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 38	\$ 5,803,409	\$ 5,031,987	\$ 771,460
Flexible Spending Account	7,183	4,650	3,495	8,338
Accrued Salaries and Wages	4,148	6,593,163	6,617,293	(19,982)
Total Liabilities	<u>\$ 11,369</u>	<u>\$ 12,401,222</u>	<u>\$ 11,652,775</u>	<u>\$ 759,816</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

DUNELLEN SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2020**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2019</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>					
2012 Series School Bonds	12/12/12	\$ 8,005,000	7/15/20	\$ 500,000	2.00%	\$ 6,565,000		\$ (485,000)	\$ 6,080,000
			7/15/21	515,000	2.00%				
			7/15/22	540,000	4.00%				
			7/15/23	560,000	4.00%				
			7/15/24	590,000	4.00%				
			7/15/25	620,000	4.00%				
			7/15/26	645,000	4.00%				
			7/15/27	675,000	4.00%				
			7/15/28	705,000	4.00%				
			7/15/29	730,000	4.00%				
2020 Series School Bonds	3/26/20	23,800,000	2/15/22	1,345,000	0.05%		23,800,000		23,800,000
			2/15/23	1,395,000	1.50%				
			2/15/24	1,440,000	2.00%				
			2/15/25	1,490,000	2.00%				
			2/15/26	1,545,000	2.00%				
			2/15/27	1,600,000	2.00%				
			2/15/28	1,655,000	2.00%				
			2/15/29	1,715,000	2.00%				
			2/15/30	1,775,000	2.00%				
			2/15/31	1,835,000	2.00%				
			2/15/32	1,900,000	2.00%				
			2/15/33	1,965,000	2.00%				
			2/15/34	2,035,000	2.00%				
			2/15/35	2,105,000	2.00%				
			Total						

DUNELLEN SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 723,050	-	\$ 723,050	\$ 723,050	-
TOTAL REVENUES	723,050	-	723,050	723,050	-
EXPENDITURES:					
Regular Debt Service:					
Interest	238,050	-	238,050	238,050	-
Redemption of Principal	485,000		485,000	485,000	-
Total Regular Debt Service	723,050		723,050	723,050	-
TOTAL EXPENDITURES	723,050		723,050	723,050	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	1		1	1	-
Fund Balance, June 30	\$ 1	-	\$ 1	\$ 1	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

Dunellen School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	103-108
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	109-112
Debt Capacity (J-10 thru J-13) 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.	113-116
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	117-118
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	119-123

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**Dunellen School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,782,038	\$ 8,652,743	\$ 7,046,996	\$ 7,596,047	\$ 9,227,074	\$ 10,160,602	\$ 10,344,543	\$ 10,283,113	\$ 12,772,300	\$ (8,129,076)
Restricted	460,282	1,041,703	1,256,965	1,586,520	1,229,723	554,622	813,505	686,176	539,438	846,178
Unrestricted	(402,669)	(483,386)	(525,903)	(622,457)	(3,426,160)	(3,703,158)	(4,267,757)	(3,393,552)	(4,246,240)	19,273,026
Total governmental activities Net Position	<u>\$ 8,839,651</u>	<u>## \$ 9,211,060</u>	<u>\$ 7,778,058</u>	<u>\$ 8,560,110</u>	<u>\$ 7,030,636</u>	<u>\$ 7,012,066</u>	<u>\$ 6,890,290</u>	<u>\$ 7,575,737</u>	<u>\$ 9,065,498</u>	<u>\$ 11,990,128</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 5,352	\$ 9,844	\$ 6,850	\$ 31,008	\$ 63,224	\$ 93,102	\$ 63,190	\$ 125,251	\$ 84,329	\$ 70,843
Restricted								-	-	-
Unrestricted	114,469	160,748	205,882	93,057	31,328	(14,925)	163,626	503,328	286,668	355,267
Total business-type activities Net Position	<u>\$ 119,821</u>	<u>\$ 170,592</u>	<u>\$ 212,732</u>	<u>\$ 124,065</u>	<u>\$ 94,551</u>	<u>\$ 78,177</u>	<u>\$ 226,816</u>	<u>\$ 628,579</u>	<u>\$ 370,997</u>	<u>\$ 426,110</u>
District-wide										
Invested in capital assets, net of related debt	\$ 8,787,390	\$ 8,662,587	\$ 7,053,846	\$ 7,627,054	\$ 9,290,297	\$ 10,253,704	\$ 10,407,733	\$ 10,408,364	\$ 12,856,629	\$ (8,058,233)
Restricted	460,282	1,041,703	1,256,965	1,586,520	1,229,723	554,622	813,505	686,176	539,438	846,178
Unrestricted	(288,200)	(322,638)	(320,021)	(529,399)	(3,394,833)	(3,718,083)	(4,104,131)	(2,890,224)	(3,959,572)	19,628,293
Total district Net Position	<u>\$ 8,959,472</u>	<u>\$ 9,381,652</u>	<u>\$ 7,990,790</u>	<u>\$ 8,684,175</u>	<u>\$ 7,125,187</u>	<u>\$ 7,090,243</u>	<u>\$ 7,117,106</u>	<u>\$ 8,204,316</u>	<u>\$ 9,436,495</u>	<u>\$ 12,416,238</u>

Source: CAFR Schedule A-1

Dunellen Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,170,731	\$ 7,430,285	\$ 7,068,516	\$ 7,248,615	\$ 7,843,984	\$ 9,257,507	\$ 9,096,544	\$ 10,544,290	\$ 10,376,546	\$ 10,138,612
Special education	1,638,543	1,535,806	1,680,494	1,798,816	1,903,322	2,273,920	2,385,209	2,765,879	2,686,956	2,628,777
Other special instruction	583,818	620,692	691,002	655,042	897,181	897,047	1,012,423	632,386	699,547	672,705
Support Services:										
Tuition	1,040,496	1,189,457	1,261,366	941,609	1,059,862	1,047,738	884,398	858,063	951,733	891,820
Student & instruction related services	1,866,130	1,757,927	1,982,427	2,398,008	2,437,945	3,027,681	2,849,076	3,250,959	3,191,763	3,249,766
School administrative service	950,705	1,001,478	913,123	1,153,603	1,101,739	1,170,752	1,269,300	1,516,422	1,527,396	1,488,802
General and business admin. services	816,684	874,999	1,126,720	938,389	1,229,543	1,377,898	1,455,852	1,442,529	1,479,630	1,500,219
Plant operations and maintenance	1,380,279	1,335,684	1,402,989	1,215,452	1,339,700	1,399,567	1,632,890	1,791,859	1,753,836	1,981,042
Pupil transportation	465,088	450,434	491,205	410,691	464,999	538,842	534,132	443,149	585,236	395,220
Charter Schools	7,109		25,333	18,250	15,151	32,564	1,901,680			
Interest on long-term debt	494,698	489,785	425,159	406,436	366,594	348,017	334,677	339,795	305,089	394,938
Total governmental activities expenses	<u>16,414,281</u>	<u>16,686,547</u>	<u>17,068,334</u>	<u>17,184,912</u>	<u>18,660,020</u>	<u>21,371,532</u>	<u>23,356,181</u>	<u>23,585,331</u>	<u>23,557,732</u>	<u>23,341,901</u>
Business-type activities:										
Food service	415,164	435,526	441,744	457,072	482,100	581,155	608,480	567,122	608,805	473,884
Preschool Program								227,519	586,772	232,501
After Care							523,367	178,337	273,013	188,574
Chrome Program								2,299	15,000	1,380
Total business-type activities expense	<u>415,164</u>	<u>435,526</u>	<u>441,744</u>	<u>457,072</u>	<u>482,100</u>	<u>581,155</u>	<u>1,131,846</u>	<u>975,277</u>	<u>1,483,590</u>	<u>896,339</u>
Total district expenses	<u>\$ 16,829,445</u>	<u>\$ 17,122,073</u>	<u>\$ 17,510,078</u>	<u>\$ 17,641,984</u>	<u>\$ 19,142,120</u>	<u>\$ 21,952,687</u>	<u>\$ 24,488,027</u>	<u>\$ 24,560,608</u>	<u>\$ 25,041,322</u>	<u>\$ 24,238,240</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Business and other support services	\$ 58,656	\$ 50,280	\$ 53,669	\$ 52,745	\$ 52,971	\$ 69,268	\$ 66,788	\$ 39,234	\$ 33,570	\$ 15,800
Operating grants and contributions	\$ 2,551,156	2,873,889	3,013,280	3,043,708	4,109,328	4,090,750	7,969,848	12,526,015	12,990,514	12,907,382
Capital grants and contributions									-	-
Total governmental activities program revenues	<u>2,609,812</u>	<u>2,924,170</u>	<u>3,066,949</u>	<u>3,096,453</u>	<u>4,162,299</u>	<u>4,160,018</u>	<u>8,036,635</u>	<u>12,565,249</u>	<u>13,024,084</u>	<u>12,923,182</u>
Business-type activities:										
Charges for services:										
Food service	216,233	221,733	211,048	214,858	223,924	243,965	284,599	265,503	280,307	201,178
Preschool Program							453,795	443,300	264,500	227,500
After Care							192,888	292,766	300,441	214,174
Chrome Program								9,100	10,260	7,715
Operating grants and contributions	210,205	264,565	270,260	278,548	278,663	320,815	349,204	360,880	363,014	300,885
Capital grants and contributions								-	-	-
Total business type activities program revenues	<u>426,438</u>	<u>486,298</u>	<u>481,308</u>	<u>493,406</u>	<u>502,587</u>	<u>564,780</u>	<u>1,280,486</u>	<u>1,371,549</u>	<u>1,218,522</u>	<u>951,452</u>
Total district program revenues	<u>\$ 3,036,250</u>	<u>\$ 3,410,468</u>	<u>\$ 3,548,257</u>	<u>\$ 3,589,859</u>	<u>\$ 4,664,886</u>	<u>\$ 4,724,798</u>	<u>\$ 9,317,121</u>	<u>\$ 13,936,798</u>	<u>\$ 14,242,606</u>	<u>\$ 13,874,634</u>
Net (Expense)/Revenue										
Governmental activities	\$ (13,804,469)	\$ (13,762,378)	\$ (14,001,385)	\$ (14,088,459)	\$ (14,497,721)	\$ (17,211,513)	\$ (15,319,546)	\$ (11,020,082)	\$ (10,533,648)	\$ (10,418,719)
Business-type activities	11,274	50,772	39,564	36,334	20,487	(16,375)	148,640	396,272	(265,068)	55,113
Total district-wide net expense	<u>\$ (13,793,195)</u>	<u>\$ (13,711,605)</u>	<u>\$ (13,961,821)</u>	<u>\$ (14,052,125)</u>	<u>\$ (14,477,234)</u>	<u>\$ (17,227,888)</u>	<u>\$ (15,170,906)</u>	<u>\$ (10,623,810)</u>	<u>\$ (10,798,716)</u>	<u>\$ (10,363,606)</u>

continued

Dunellen Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,543,395	\$ 8,754,123	\$ 8,929,205	\$ 9,107,789	\$ 9,289,944	\$ 9,931,548	\$ 10,249,324	\$ 10,907,075	\$ 11,482,347	\$ 12,079,439
Taxes levied for debt service	549,402	614,944	799,181	685,264	783,097	427,585	446,050	718,825	519,950	723,050
Investment earnings	5,302	4,636	3,294					2,815	2,511	12,300
Miscellaneous income	49,757	67,166	24,490	70,313	60,913	100,114	68,308	76,814	18,601	528,560
Federal and State Aid for Capital Assets Projects	4,638,896	4,692,920	4,752,199	4,882,145	5,503,013	6,733,705	4,434,087			
Transfers				125,000	50,000					
Total governmental activities	<u>13,786,752</u>	<u>14,133,789</u>	<u>14,508,369</u>	<u>14,870,510</u>	<u>15,686,967</u>	<u>17,192,952</u>	<u>15,197,769</u>	<u>11,705,529</u>	<u>12,023,409</u>	<u>13,343,349</u>
Business-type activities:										
Investment earnings				(125,000)	(50,000)			5,491	7,486	-
Transfers									-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>5,491</u>	<u>7,486</u>	<u>-</u>
Total district-wide	<u>\$ 13,786,752</u>	<u>\$ 14,133,789</u>	<u>\$ 14,508,369</u>	<u>\$ 14,745,510</u>	<u>\$ 15,636,967</u>	<u>\$ 17,192,952</u>	<u>\$ 15,197,769</u>	<u>\$ 11,711,020</u>	<u>\$ 12,030,895</u>	<u>\$ 13,343,349</u>
Change in Net Position										
Governmental activities	\$ (17,717)	\$ 371,411	\$ 506,983	\$ 782,052	\$ 1,189,246	\$ (18,561)	\$ (121,777)	\$ 685,447	\$ 1,489,761	\$ 2,924,630
Business-type activities	11,274	50,772	39,564	(88,666)	(29,513)	(16,375)	148,640	401,763	(257,582)	55,113
Total district	<u>\$ (6,443)</u>	<u>\$ 422,184</u>	<u>\$ 546,547</u>	<u>\$ 693,385</u>	<u>\$ 1,159,733</u>	<u>\$ (34,936)</u>	<u>\$ 26,863</u>	<u>\$ 1,087,210</u>	<u>\$ 1,232,179</u>	<u>\$ 2,979,743</u>

Source: CAFR Schedule A-2

Dunellen School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	2011		2012		2013		2014		Fiscal Year Ending June 30,		2017		2018		2019		2020				
									2015	2016											
General Fund																					
Reserved	\$	460,281	\$	1,041,703	\$	1,228,481	\$	1,517,710	\$	835,391	\$	551,349	\$	805,027	\$	967,167	\$	539,438	\$	1,264,334	
Unreserved		(37,568)		(106,242)		(172,089)		(175,195)		(284,536)		(178,579)		(250,215)		(233,943)		(414,057)		(402,519)	
Total general fund	\$	422,713	\$	935,461	\$	1,056,392	\$	1,342,515	\$	550,855	\$	372,770	\$	554,812	\$	733,224	\$	125,381	\$	861,815	
All Other Governmental Funds																					
Reserved														\$	223,219					\$	2,549,565
Unreserved, reported in:																					
Special revenue fund																					
Capital projects fund					28,484		\$	68,809	\$	394,330	\$	3,272	\$	8,477		459,379	\$	504,942		21,498,861	
Debt service fund	\$	1	\$	1				1		1				1		1		1		1	
Total all other governmental funds	\$	1	\$	1	\$	28,484	\$	68,810	\$	394,331	\$	3,273	\$	8,478	\$	682,599	\$	504,943	\$	24,048,427	

Source: CAFR Schedule B-1

Dunellen School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 9,587,495	\$ 9,829,742	\$ 9,981,719	\$ 10,136,012	\$ 10,376,158	\$ 10,643,673	\$ 10,966,574	\$ 11,625,900	\$ 12,002,297	\$ 12,802,489
Tuition	58,656	50,280	53,669	52,745	52,971	69,268	66,788	39,234	33,570	15,800
Miscellaneous	55,059	71,802	46,875	30,362	60,913	100,114	68,309	79,629	21,112	540,860
State sources	6,055,625	6,389,382	6,905,990	6,890,540	7,675,392	7,268,685	7,467,746	8,213,778	10,138,756	11,290,575
Federal sources	639,729	716,752	587,065	692,353	577,233	599,276	563,108	572,055	608,636	340,370
Total revenue	16,396,564	17,057,959	17,575,317	17,802,012	18,742,668	18,681,017	19,132,525	20,530,596	22,804,371	24,990,094
Expenditures										
Instruction										
Regular Instruction	4,563,907	4,673,149	4,935,460	4,944,335	5,018,079	5,042,670	5,027,477	5,374,906	5,667,051	5,456,007
Special education instruction	1,214,298	1,111,538	1,248,224	1,307,407	1,290,654	1,337,392	1,605,807	1,419,284	1,452,456	1,451,539
Other special instruction	501,436	468,395	505,186	558,028	593,717	526,119	605,155	632,386	699,547	672,705
Support Services:										
Tuition	1,040,496	1,189,457	1,261,366	941,609	1,059,862	1,047,738	884,398	858,063	951,733	891,820
Student & instruction related services	1,376,200	1,328,668	1,488,090	1,721,586	1,682,056	1,815,612	1,770,677	1,904,364	1,957,263	2,072,528
School administrative services	697,584	714,350	652,090	640,801	623,874	629,053	714,014	730,993	806,666	801,123
Other administrative services	648,881	663,489	670,764	764,277	897,592	893,097	979,750	927,389	1,007,372	1,049,866
Plant operations and maintenance	1,279,872	1,258,781	1,263,243	1,195,269	1,253,185	1,281,953	1,220,880	1,253,391	1,402,328	1,553,952
Pupil transportation	459,206	444,567	486,423	408,196	464,999	538,842	534,132	443,149	585,236	395,220
Unallocated employee benefits	3,171,078	3,350,077	3,617,746	3,712,487	3,878,768	4,321,120	4,517,526	5,155,928	5,733,229	6,309,844
Summer School								-	-	-
Charter School	7,109		25,333	18,250	15,151	32,564	51,716	29,528	13,876	30,634
Capital Outlay	57,824	62,423	42,746	139,274	1,205,481	1,071,876	316,497	229,857	2,593,163	3,101,888
Debt service:										
Principal	745,000	805,000	810,000	890,000	955,000	420,000	440,000	455,000	470,000	485,000
Interest and other charges	508,243	475,318	1,329,364	359,044	320,390	292,125	277,250	263,825	249,950	238,050
Total expenditures	16,271,134	16,545,212	18,336,035	17,600,564	19,258,806	19,250,161	18,945,277	19,678,063	23,589,870	24,510,176
Excess (Deficiency) of revenues over (under) expenditures	125,430	512,747	(760,718)	201,448	(516,138)	(569,144)	187,247	852,533	(785,499)	479,918
Other Financing Sources (uses)										
Bond Proceeds					-		-	-	-	23,800,000
Transfers in								796,956	2,553,905	2,500,000
Transfers out								(796,956)	(2,553,905)	(2,500,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	23,800,000
Net change in fund balances	\$ 125,430	\$ 512,747	\$ (760,718)	\$ 201,448	\$ (516,138)	\$ (569,144)	\$ 187,247	\$ 852,533	\$ (785,499)	\$ 24,279,918
Debt service as a percentage of noncapital expenditures	7.7%	7.8%	11.7%	7.2%	7.1%	3.9%	3.9%	3.7%	3.4%	3.4%

Source: CAFR Schedule B-2

DUNELLEN SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 5,302	\$ 14,267	\$ 58,656	\$ 4,475	\$ 82,700
2012	4,636	30,583	50,280	8,762	94,261
2013	3,294		18,975	17,841	40,110
2014	3,098	9,935	52,745	7,357	73,136
2015	2,713	24,245	52,971	23,972	103,901
2016	1,839	28,382	69,268	66,606	166,096
2017			66,788	60,336	127,123
2018	2,815		39,234	70,960	113,009
2019	2,511		33,570	18,582	54,663
2020	12,300		15,800	528,560	556,660

SOURCE: District Records

**Dunellen School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Apartment</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Assessed Value</u>	<u>Less: Tax- Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2011	\$437,600	\$124,963,050	\$1,623,800	\$13,521,700	\$3,597,200	\$144,803,169		\$659,819	\$144,803,169	\$6.706	\$680,482,726
2012	459,900	124,839,650	1,623,800	14,039,300	3,136,300	144,771,812		672,862	144,771,812	6.830	643,137,863
2013	459,900	125,004,750	1,585,800	14,136,300	3,136,300	145,052,237		729,187	145,052,237	6.979	626,388,719
2014	682,300	124,567,150	1,514,200	14,244,100	3,136,300	144,144,076		26	144,144,076	7.115	569,449,462
2015	664,000	124,540,800	1,514,200	14,292,400	3,136,300	144,147,726		26	144,147,726	7.281	553,084,033
2016	581,200	124,891,400	1,514,200	14,232,100	3,136,300	144,355,226		26	144,355,226	7.486	568,041,053
2017	566,500	125,040,800	1,514,200	14,073,200	3,136,300	144,331,025		25	144,331,025	7.813	593,466,308
2018	459,100	125,333,000	1,514,200	14,133,200	3,136,300	144,575,824		24	144,575,824	8.161	601,419,131
2019	497,300	125,490,900	1,514,200	14,113,200	3,136,300	162,718,625	\$ 17,966,700	25	144,751,925	8.161	597,114,728
2020	1,656,900	559,917,700	7,727,400	69,589,200	16,364,800	706,870,425	51,614,400	25	655,256,025	1.893	622,635,344

Source: District records Tax list summary & Municipal Tax Assessor

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

**Dunellen School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Dunellen Board of Education			Borough of Dunellen	Library	Middlesex County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct				
2011	\$5.835	\$0.715	\$6.550	\$3.350		\$1.397	\$11.297
2012	\$5.840	\$0.866	\$6.706	\$3.537		\$1.364	\$11.607
2013	\$6.082	\$0.748	\$6.830	\$3.455		\$1.486	\$11.771
2014	\$6.243	\$0.736	\$6.979	\$3.280		\$1.512	\$11.771
2015	\$6.368	\$0.747	\$7.115	\$3.278		\$1.525	\$11.918
2016	\$7.220	\$0.061	\$7.281	\$3.331		\$1.564	\$12.176
2017	\$7.434	\$0.052	\$7.486	\$3.389		\$1.612	\$12.487
2018	\$7.316	\$0.497	\$7.813	\$3.490		\$1.656	\$12.959
2019	\$7.802	\$0.359	\$8.161	\$3.706		\$1.638	\$13.505
2020	\$1.783	\$0.110	\$1.893	\$0.842		\$0.368	\$3.103

Source: District Records and Municipal Tax Collector

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

**Dunellen School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2019			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Dunellen Associates	\$ 2,100,000	1	1.46%	\$ 2,100,000	1	1.47%
Provident Savings Bank	404,400	2	0.28%	594,000	2	0.42%
Verizon	309,000	3	0.21%			
Sunrise Industries	400,000	4	0.28%	453,000	3	0.32%
Retail Development Assoc.	401,600	5	0.28%	401,600	4	0.28%
A&M Gardens, Inc.	375,000	6	0.26%	375,000	6	0.0026
UMI Associates	374,000	7	0.26%	400,000	5	0.28%
Friend Well Plaza	855,100	8	0.59%			
Peter J. Riccio	322,000	9	0.22%	322,000	7	0.23%
Summit Federal Savings	236,000	10	0.16%	-		
Valstir, LLC				300,000	10	0.21%
Ronald Papieo				309,000	8	0.22%
Petra Heleniak				300,800	9	0.21%
Total	<u>\$ 5,777,100</u>		<u>4.01%</u>	<u>\$ 5,555,400</u>		<u>3.90%</u>

Source: District CAFR & Municipal Tax Assessor

**Dunellen School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$9,587,495	\$9,587,495	100.00%	-
2012	\$9,829,742	\$9,829,742	100.00%	-
2013	\$9,981,719	\$9,981,719	100.00%	-
2014	\$10,136,012	\$10,136,012	100.00%	-
2015	\$10,376,158	\$10,376,158	100.00%	-
2016	\$10,643,673	\$10,643,673	100.00%	-
2017	\$10,966,574	\$10,966,574	100.00%	-
2018	\$11,625,900	\$11,625,900	100.00%	-
2019	\$12,002,297	\$12,002,297	100.00%	-
2020	\$12,802,489	\$12,802,489	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: 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 is the amount voted upon or certified prior to the end of the school year.

**Dunellen School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2011	\$12,525,000	-0-	-0-	-0-	-0-	\$12,525,000	3.72%	\$1,732
2012	\$11,780,000	-0-	-0-	-0-	-0-	\$11,780,000	3.32%	\$1,621
2013	\$10,975,000	-0-	-0-	-0-	-0-	\$10,975,000	2.99%	\$1,501
2014	\$10,195,000	-0-	-0-	-0-	-0-	\$10,195,000	2.76%	\$1,387
2015	\$9,305,000	-0-	-0-	-0-	-0-	\$9,305,000	2.40%	\$1,261
2016	\$8,885,000	-0-	-0-	-0-	-0-	\$8,885,000	2.25%	\$1,203
2017	\$7,930,000	-0-	-0-	-0-	-0-	\$7,930,000	2.01%	\$1,075
2018	\$7,035,000	-0-	-0-	-0-	-0-	\$7,035,000	1.90%	\$1,016
2019	\$6,565,000	-0-	-0-	-0-	-0-	\$6,565,000	1.57%	\$903
2020	\$29,880,000	-0-	-0-	-0-	-0-	\$29,880,000	6.79%	\$4,149

Source: District CAFR Schedules I-1, I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Dunellen School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2011	\$11,780,000	-0-	\$11,780,000	8.14%	\$1,732
2012	\$10,975,000	-0-	\$10,975,000	7.58%	\$1,621
2013	\$10,195,000	-0-	\$10,195,000	7.03%	\$1,501
2014	\$9,305,000	-0-	\$9,305,000	6.46%	\$1,387
2015	\$8,350,000	-0-	\$8,350,000	5.79%	\$1,261
2016	\$7,930,000	-0-	\$7,930,000	5.49%	\$1,203
2017	\$7,490,000	-0-	\$7,490,000	5.19%	\$1,075
2018	\$7,035,000	-0-	\$7,035,000	4.87%	\$1,016
2019	\$6,565,000	-0-	\$6,565,000	4.54%	\$903
2020	\$29,880,000	-0-	\$29,880,000	4.56%	\$4,149

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Dunellen School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2020

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Dunellen	\$ 9,025,640	100.000%	\$ 9,025,640
Other debt			
Middlesex County	454,074,693	0.552%	<u>2,507,983</u>
Subtotal, overlapping debt			11,533,623
Dunellen School District Direct Debt			<u>29,880,000</u>
Total direct and overlapping debt			<u><u>\$ 41,413,623</u></u>

Sources: Township Finance Officer, Middlesex County Finance Office
and Utility Authorities

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 the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Dunellen School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis
	2017 \$ 589,623,980
	2018 614,396,859
	2019 645,890,611
	<u>[A] \$ 1,849,911,450</u>
Average equalized valuation of taxable property	[A/3] \$ 616,637,150
Debt limit (4 % of average equalization value)	[B] 24,665,486
Net school debt	[C] 29,880,000
Legal debt margin	<u>[B-C] \$ (5,214,514)</u>

	Fiscal Year									
	<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>
Debt limit	\$ 27,893,498	\$ 26,837,484	\$ 25,306,257	\$ 23,883,356	\$ 22,711,681	\$ 23,057,618	\$ 23,057,618	\$ 17,584,955	\$ 18,039,003	\$ 24,665,486
Total net debt applicable to limit	<u>12,525,000</u>	<u>11,780,000</u>	<u>11,780,000</u>	<u>10,195,000</u>	<u>9,305,000</u>	<u>7,930,000</u>	<u>7,490,000</u>	<u>7,035,000</u>	<u>6,565,000</u>	<u>29,880,000</u>
Legal debt margin	<u>\$ 15,368,498</u>	<u>\$ 15,057,484</u>	<u>\$ 13,526,257</u>	<u>\$ 13,688,356</u>	<u>\$ 13,406,681</u>	<u>\$ 15,127,618</u>	<u>\$ 15,567,618</u>	<u>\$ 10,549,955</u>	<u>\$ 11,474,003</u>	<u>\$ (5,214,514)</u>
Total net debt applicable to the limit as a percentage of debt limit	44.90%	43.89%	46.55%	42.69%	40.97%	34.39%	32.48%	40.01%	36.39%	121.14%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Dunellen School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2011	7,221	\$ 367,066,125	\$ 50,969 R	12.5%
2012	7,243	\$ 384,752,832	\$ 53,435 R	12.7%
2013	7,265	\$ 377,632,880	\$ 52,471 R	3.7%
2014	7,281	\$ 387,695,346	\$ 53,955 R	3.7%
2015	7,289	\$ 395,289,984	\$ 54,971 R	4.9%
2016	7,286	\$ 405,108,760	\$ 56,526 R	4.3%
2017	7,264	\$ 418,910,254	\$ 58,172 R	4.2%
2018	7,263	\$ 418,737,460	\$ 61,065 R	3.6%
2019	7,236	\$ 418,852,656	\$ 61,065 *	3.2%
2020	7,202	\$ 439,790,130	\$ 61,065 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

P =Projected

* Current data unavailable

Dunellen School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

N/A

Employer	2020			2011		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

No reliable information is available at the local or county level.

**Dunellen School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<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	80.0	83.0	83.0	83.0	83.0	83.0	83.0	85.0	86.0	88.0
Special education	23.0	25.0	26.0	26.0	27.0	28.0	29.0	30.0	31.0	31.0
Other special education	9.3	9.3	9.3	10.3	10.3	10.3	10.3	12.0	12.0	12.0
Other Instruction	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student & instruction related services	12.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0
School administrative services	11.5	11.5	11.5	11.5	12.5	12.5	12.5	12.5	12.5	12.5
Business administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services and admin IT	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	16.0	16.0	16.0	16.0	16.0
Food Service	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	147.4	152.4	153.4	154.4	156.4	173.4	175.4	180.1	182.1	184.1

Source: District Personnel Records

Dunellen School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment ^d	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2011	1,131	14,960,067	13,227	-0.83%	108	1:11.2	1:15.3	1:13.5	1,109.4	1,056.6	-1.00%	95.2%
2012	1,177	15,202,471	12,922	-2.31%	106	1:12.4	1:12.4	1:12.4	1,152.2	1,096.8	3.86%	95.2%
2013	1,179	16,150,924	13,699	6.01%	107	1:12	1:12	1:12	1,144.4	1,088.8	-0.68%	95.1%
2014	1,168	16,212,246	13,880	1.33%	108	1:12	1:12	1:12	1,150.6	1,091.6	0.54%	94.9%
2015	1,155	16,777,935	14,526	4.65%	109	1:12	1:12	1:12	1,158.9	1,102.3	0.72%	95.1%
2016	1,127	17,466,160	15,498	6.69%	110	1:12	1:12	1:12	1,127.0	1,087.6	-2.75%	96.5%
2017	1,187	17,911,530	15,090	-2.63%	110	1:12	1:12	1:12	1,187.0	1,089.9	5.32%	91.8%
2018	1,211	18,959,238	15,656	3.75%	112	1:12	1:12	1:12	1,211.0	1,138.3	2.02%	94.0%
2019	1,239	22,869,920	18,458	17.90%	114	1:12	1:12	1:12	1,239.0	1,178.0	2.31%	95.1%
2020	1,250	23,787,126	19,030	3.10%	116	1:12	1:12	1:12	1,256.0	1,215.0	1.37%	96.7%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2
- 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 Enrollment for FY2009 forward includes student counts for tuition students.

**Dunellen School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<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>
<u>District Building</u>										
<u>Elementary</u>										
JOHN P. FABER										
Square Feet	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961
Capacity (students)	610	610	610	610	610	610	610	610	610	610
Enrollment	560	570	546	551	556	512	512	550	576	604
<u>Middle School</u>										
LINCOLN MIDDLE SCHOOL										
Square Feet	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248
Capacity (students)	301	301	301	301	301	301	301	301	301	301
Enrollment	260	259	277	277	280	289	289	296	284	290
<u>High School</u>										
DUNELLEN HIGH SCHOOL										
Square Feet	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881
Capacity (students)	432	432	432	432	432	432	432	432	432	432
Enrollment	33	332	322	323	319	345	345	365	379	356

Number of Schools at June 30, 2020
Elementary = 1

Source: District records, ASSA

Middle = 1
Senior High School = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

DUNELLEN SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2020

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Dunellen High School		\$ 87,163	\$ 84,222	\$ 79,842	\$ 70,372	\$ 63,792	\$ 96,805	\$ 132,964	\$ 118,390	\$ 118,390	\$ 118,390	\$ 970,330
John P. Faber School		83,200	80,394	76,213	67,173	60,892	92,405	126,598	112,721	112,721	112,721	925,038
Lincoln Middle School		<u>27,733</u>	<u>26,798</u>	<u>25,404</u>	<u>22,391</u>	<u>20,297</u>	<u>30,802</u>	<u>42,623</u>	<u>37,951</u>	<u>78,938</u>	<u>43,316</u>	<u>356,253</u>
Total School Facilities		198,096	191,414	181,459	159,936	144,981	220,012	302,185	269,062	310,049	274,427	2,251,621
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<u>\$ 198,096</u>	<u>\$ 191,414</u>	<u>\$ 181,459</u>	<u>\$ 159,936</u>	<u>\$ 144,981</u>	<u>\$ 220,012</u>	<u>\$ 302,185</u>	<u>\$ 269,062</u>	<u>\$ 310,049</u>	<u>\$ 274,427</u>	<u>\$ 2,251,621</u>

DUNELLEN SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2020

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund		
Property-Blanket Building and Contents	\$ 500,000,000	\$ 5,000
Employee Dishonesty (Per Loss)	25,000	500
Money and Securities (in and out)	10,000	500
Comprehensive General Liability:		
Occurrence Limit	6,000,000	1,000
Comprehensive Automobile Liability	6,000,000	1,000
Workers' Compensation	2,000,000	1,000
Data Processing	250,000	1,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
School Board Secretary/School Business Administrator	230,000	

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Dunellen School District
 County of Middlesex
 Dunellen, New Jersey 08812

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dunellen School District Board of Education in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Dunellen School District Board of Education's basic financial statements, and have issued our report thereon dated December 9, 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) to determine the 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 entity'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.

-Continued-

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-1 and 2020-2 that we consider to be material weaknesses.

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 determination of financial statement amounts. 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** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Dunellen School District, in a separate letter dated December 9, 2020 entitled "Auditor's Management Report on Administrative Findings".

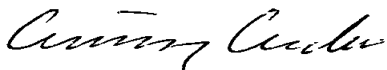
Purpose of this Report

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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity'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.



ARDITO & COMPANY LLC

December 9, 2020



Licensed Public School Accountant No.2369



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Dunellen School District
 County of Middlesex
 Dunellen, New Jersey 08812

Report on Compliance for Each Major State Program

We have audited the Dunellen School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The Dunellen School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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 as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey 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.

-Continued-

Opinion on Each Major State Program

In our opinion, the Dunellen School District Board of Education 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 year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Dunellen School District Board of Education 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 New Jersey OMB Circular 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 Dunellen School District Board of Education'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 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 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 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.

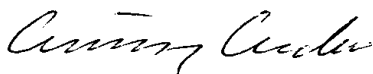
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 New Jersey OMB Circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.



ARDITO & COMPANY LLC

December 9, 2020



Licensed Public School Accountant No.2369

DUNELLEN SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2019	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2020			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Aid	93.778	1905NJ5MAP	N/A	14,196	7/1/19	6/30/20			\$ 14,196	\$ (14,196)						\$ 14,196
Total General Fund							-	-	14,196	(14,196)	-	-	-	-	-	14,196
U.S. Department of Education Passed- Through State Dept. of Education:																
Special Revenue Fund:																
Title I	84.010	S010A190030	N/A	235,909	7/1/19	6/30/20			110,238	(126,869)		\$ (125,671)	\$ 109,040			126,869
Title II	84.367	S367B190027	N/A	35,789	7/1/19	6/30/20			17,132	(17,132)		(18,657)	18,657			17,132
Title III	84.365	S367B190030	N/A	14,845	7/1/19	6/30/20			3,612	(3,003)		(11,233)	11,842			3,003
Title III Immigrant	84.365	S367B190030	N/A	4,199	7/1/19	6/30/20			1,250	(1,250)		(2,949)	2,949			1,250
Title IV	84.424A	S424B190031	N/A	14,699	7/1/19	6/30/20			8,545	(8,545)		(6,154)	6,154			8,545
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT-1785-19	263,482	7/1/19	6/30/20			175,000	(175,000)		(88,482)	88,482			175,000
I.D.E.A. Part B, Preschool	84.173	H173A190114	FT-1785-19	7,713	7/1/19	6/30/20						(7,713)	7,713			
Subtotal-Special Education Cluster									175,000	(175,000)		(96,195)	96,195			175,000
Total Special Revenue Fund									315,777	(331,799)		(260,859)	244,837			331,799
U.S. Dept. of Agriculture Passed- Through State Dept. of Education:																
Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	191NJ304N1099	N/A		7/1/18	6/30/19	\$ 911			(911)						911
National School Lunch Program (Food Distribution)	10.555	191NJ304N1099	N/A	17,613	7/1/19	6/30/20			17,613	(14,141)			\$ 3,472			14,141
School Breakfast Program	10.553	181NJ304N1099	N/A		7/1/18	6/30/19	(8,790)		8,790							
School Breakfast Program	10.553	191NJ304N1099	N/A	56,619	7/1/19	6/30/20			52,844	(56,619)		\$ (3,775)				56,619
National School Lunch Program	10.555	181NJ304N1099	N/A		7/1/18	6/30/19	(38,723)		38,723							
National School Lunch Program	10.555	191NJ304N1099	N/A	224,207	7/1/19	6/30/20			218,201	(224,207)		(6,006)				224,207
Subtotal-Child Nutrition Cluster							(46,602)		336,171	(295,878)		(9,781)	3,472			295,878
Total Enterprise Fund							(46,602)		336,171	(295,878)		(9,781)	3,472			295,878
TOTAL FEDERAL ASSISTANCE							\$ (46,602)	-	\$ 666,144	\$ (641,873)	-	-	\$ (270,640)	\$ 248,309	-	\$ 641,873

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

DUNELLEN SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2020

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2019	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 7,068,999			\$ 7,068,999	\$ (7,068,999)								*
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	76,133			76,133	(76,133)								*
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,045,367			1,045,367	(1,045,367)								*
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	361,377			361,377	(361,377)								*
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	99,914	\$ (99,914)		99,914									*
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	134,306				(134,306)			\$ (134,306)					*
On Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	1,550,616			1,550,616	(1,550,616)								*
On Behalf TPAF Pension PRM	20-495-034-5094-001	7/1/19-6/30/20	575,250			575,250	(575,250)								*
On Behalf TPAF Pension LTD Ins	20-495-034-5094-004	7/1/19-6/30/20	1,787			1,787	(1,787)								*
Reimbursed TPAF Soc.Secur.Contrib.	20-495-034-5094-003	7/1/19-6/30/20	576,770	(27,165)		573,750	(576,770)				(30,185)				*
Total General Fund				(127,079)		11,353,193	(11,390,605)				(164,491)			846,825	11,490,519
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	19-100-010-3350-023	7/1/18-6/30/19		(960)		960									*
Nat.School Lunch Prog.(State Share)	20-100-010-3350-023	7/1/19-6/30/20	5,007			4,913	(5,007)				(94)				*
Total Enterprise Fund				(960)		5,873	(5,007)				(94)				5,007
Total State Financial Assistance				\$ (128,039)		\$ 11,359,066	\$ (11,395,612)				\$ (164,585)			\$ 846,825	\$ 11,495,526
Less On-behalf TPAF Pension Amounts:															
On Behalf TPAF Pension 1,550,616															
On Behalf TPAF Pension PRM 575,250															
On Behalf TPAF Pension LTD Ins 1,787															
Total State Expenditures Subject to Major Program Determination \$ (9,267,959)															

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Dunellen School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and NJ OMB 15-08*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and 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 state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$100,030) for the general fund and (\$5,625) for the special revenue fund. See Exhibit C-3 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 revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,196	\$ 11,290,575	\$ 11,304,771
Special Revenue Fund	326,174	-	326,174
Food Service Fund	<u>295,878</u>	<u>5,007</u>	<u>300,885</u>
Total Financial Assistance	<u>\$ 636,248</u>	<u>\$ 11,295,582</u>	<u>\$ 11,931,830</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? x Yes No

2) Were significant deficiencies identified that were not considered to be material weaknesses?
 Yes
 x None Reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Were significant deficiencies identified that were not considered to be material weaknesses?
 Yes
 None

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II-Financial Statement Findings

The following are matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2020-1

Criteria or Specific Requirement:

Monthly bank accounts should be reconciled to the underlying general ledger account detail.

Condition:

The monthly regular cash account bank reconciliations for the governmental and enterprise funds were prepared incorrectly, and the monthly payroll agency bank reconciliations were not prepared.

Context:

Reconciliation differences of \$290,274 were identified which comprise 1.2% of the district's June 30, 2020 cash balance.

Effect:

\$290,274 of cumulative differences were recorded as of June 30, 2020.

Cause:

Lack of internal controls over the monitoring of the bank reconciliation process, resulting in numerous transactions not recorded, or recorded incorrectly.

Recommendation:

The district shall document and implement internal controls to monitor the preparation of the bank reconciliations to ensure bank accounts are properly reconciled to the underlying general ledger account detail.

Views of management and planned corrective actions:

The School Business Administrator will document and implement internal controls sufficient to monitor the preparation of the bank reconciliations, ensuring bank accounts are properly reconciled to the underlying general ledger account detail.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II-Financial Statement Findings - (Continued)

The following are matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2020-2

Criteria or Specific Requirement:

The duties of employees should be adequately segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Condition:

The School Business Administrator (SBA) prepares monthly bank reconciliations, receives bank statements, has access to the accounting and purchasing systems, and has bank authorization to initiate bank transfers/ACH transactions.

Context:

The School Business Administrator (SBA) has significant control over the physical asset of cash and the related accounting records.

Effect:

The lack of segregation of duties may not be sufficient to ensure safe and proper use of the accounting and purchasing systems or to mitigate the potential for fraud and abuse.

Cause:

Lack of internal controls over the segregation of employee duties.

Recommendation:

The district shall document and implement internal controls to ensure the duties of employees are adequately segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The district should consider the adequacy of staffing and the skills, knowledge and experience of employees when developing and implementing the system of internal controls.

Views of management and planned corrective actions:

The School Business Administrator will document and implement internal controls sufficient to ensure the duties of employees are adequately segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section III - State Financial Assistance Findings and Questioned Costs

None

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATUS OF PRIOR YEAR FINDINGS

None

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.

