

SCHOOL DISTRICT

OF

DEAL

Deal Board of Education
Deal, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

DEAL SCHOOL DISTRICT

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INTRODUCTORY SECTION



**OFFICE OF THE SUPERINTENDENT
DEAL SCHOOL DISTRICT
201 ROSELD AVENUE, DEAL, NEW JERSEY 07723-1098**

Donato J. Saponaro, Jr.
Superintendent of Schools
Office: 732-531-0480
Fax: 732-531-1908

October 30, 2023

The Honorable President and Members
of the Board of Education
Deal School District
County of Monmouth
Deal, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Deal School District ("District") for the fiscal year ended June 30, 2023, 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 Deal Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the general purpose fund financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial statements and demographic information, generally presented on a multi-year basis. Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, OMB Circular Uniform Guidance and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Deal School District is an Independent reporting entity as set forth in Section 2100 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Deal Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eight. These include regular as well as special education for gifted and handicapped youngsters. The District completed the 2022-2023 fiscal year with an enrollment of 150 students. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2022-23	150	-3.9
2021-22	156	.1
2020-21	155	.3
2019-20	159	.5
2018-19	168	.6
2017-18	167	1.2
2016-17	165	1.2
2015-16	163	1.2
2014-15	161	13.4
2013-14	142	-7.8

2. ECONOMIC CONDITION AND OUTLOOK:

The local tax levy was increased \$41,763 during the 2022-2023 school year.

3. MAJOR INITIATIVES:

The Deal School District has embraced a movement in education referred to as “STEM”, which encourages a cross curricular integration of technology in all subject areas, especially mathematics, art and science. Each child in grades 3-8 is equipped with a laptop computer to engage with instructional software, which focuses on conceptual learning. Further, students benefit from “cutting edge” technology as they utilize the multimedia workstations in our engineering laboratory, which allows them to participate in virtual field trips, design software for engineers and creative inquiry. The Deal Board of Education offers challenging curriculum that extends beyond the New Jersey core curriculum content standards. The new science wing was completed in April of 2021.

An intense shift toward teaching language arts has occurred with the Treasure’s comprehensive literacy program. This approach toward teaching reading and writing offers a research-based reading model that utilizes 21st Century learning techniques to address student needs. The various components of the reading program focus on phonemic awareness, phonics, oral language development, vocabulary instruction, reading comprehension, and fluency. Writing instruction, connected to the theme of the unit, is incorporated into each lesson. While utilizing rotating literacy centers, project based learning is evident and embraced in each classroom.

The Big Ideas Math program serves as a core program, which emphasizes higher order thinking skills, problem solving, and functional applications of skills and concepts in everyday experiences. Driven by cooperative learning with an emphasis on individual accountability, common goals and key concepts in math are introduced and achieved.

The Holt Science and Houghton Mifflin Social Studies programs are implemented at the Deal School District. The science series allows students to investigate through hands-on activities, learn about science concepts with reading support at every turn, and link the real world to the classroom. Thematic, integrated science and social studies units of study correlated to the New Jersey Core Curriculum Content Standards utilize various materials to provide a unique learning experience for students. Participation in project based learning allows teachers to promote application of concepts.

In addition, the Deal School District also offers music, physical education, health programs to all students. A comprehensive world language program is introduced to students in Kindergarten and continues throughout grade 8. Students are introduced to the Spanish language and study the culture and people of Spanish-speaking regions. Fostering a respect for cultural diversity is routinely emphasized throughout instruction. Students learn key vocabulary and are encouraged to utilize their newfound language through greetings and requests in the classroom.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are 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 over compliance with requirements of law, regulations, contracts and grants applicable to these programs. This internal control system is also subject to periodic evaluation by the District management.

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. Pursuant to P.L. 2011, c. 202 (S-3148), the Deal Board of Education changed the annual election date for its members from the third Tuesday in April to the first Tuesday after the first Monday in November beginning in 2012, also this law eliminates the need for an annual voter referendum on the proposed general fund tax levy when the base budget is at or below the statutory tax levy cap. If the general fund tax levy is in excess of statutory tax levy cap then it must be presented to voters as a separate question at the General Election.

This law requires the changes to remain in effect for four years. Annual appropriated budgets are adopted for the general fund and the special revenue 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 reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. DEBT ADMINISTRATION:

The school district's outstanding debt is \$315,661.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking system 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.

9. 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.

10. OTHER INFORMATION:

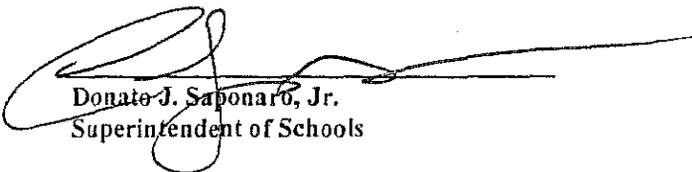
Independent Audit - State statutes requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino & Shechter, L.L.C. was selected by the Board.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, OMB Circular Uniform Guidance and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Information related to this audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the federal and state assistance section of this report.

11. ACKNOWLEDGMENTS:

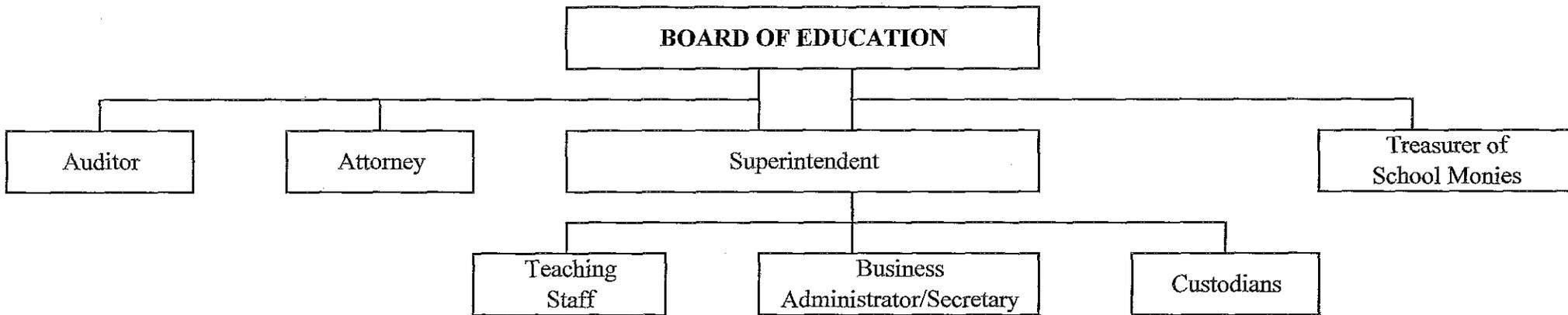
I would like to express my appreciation to the members of the Deal School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Donato J. Saponaro, Jr.
Superintendent of Schools

**DEAL BOARD OF EDUCATION
ORGANIZATIONAL CHART**



DEAL BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires Dec.</u>
Kathleen Jannarone - President	2023
Michael Sorrentino - Vice President	2024
Joseph Nachmani	2024
Joseph Rishty	2025
Giovanni Astorino	2025

Other Officials

Donato J. Saponaro, Jr., Superintendent of Schools

Pia Lordi, Business Administrator/Board Secretary

Theresa Davis, Treasurer of School Funds

Daniel R. Roberts, Attorney

DEAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
110 Fortunato Place
Neptune, NJ 07753

ATTORNEY

Daniel R. Roberts, Esq.
Kenney, Gross, Kovats & Parton
130 Maple Avenue
P.O. Box 8610
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

Wells Fargo Bank
1600 State Highway 35 & Deal Road
Oakhurst, NJ 07755

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
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Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Deal School District
County of Monmouth
Deal, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Deal School District (the "District") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, 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 inquires 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.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

October 30, 2023
Neptune, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**DEAL SCHOOL DISTRICT
DEAL, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(Unaudited)

The discussion and analysis of the Deal School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. 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 2023 are as follows:

- * General revenues accounted for \$5,389,186 in revenue or 93% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$406,765 or 7% of total revenues of \$5,795,951.
- * Total net position of governmental activities increased by \$126,243.
- * The School District had \$5,669,708 in expenses; \$406,765 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,129,904 and State Aid of \$3,012,793 were adequate to provide for these programs.
- * The General Fund had \$5,619,783 in revenues and \$5,329,427 in expenditures and transfers. The General Fund's balance increased \$290,356 over 2022.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Deal School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

The *Statement of Net Position* and the *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. In the case of Deal School District, the General Fund is by far the most significant fund.

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 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 2023?" The *Statement of Net Position* and the *Statement of Activities* helps 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 positions. 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. Non-financial 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, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense 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 (all) funds is included in the 2022-2023 Annual Comprehensive Financial Report as presented by the School District. 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 and Special Revenue Fund.

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.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

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 as of June 30, 2023 compared to June 30, 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	841,197	545,854
Capital & Leased Assets	<u>4,847,601</u>	<u>5,024,968</u>
Total Assets	<u>\$5,688,798</u>	<u>\$5,570,822</u>
Deferred Outflows	<u>\$ 35,674</u>	<u>\$ 54,057</u>
Liabilities		
Current Liabilities	19,538	9,937
Long-Term Liabilities	<u>310,189</u>	<u>339,760</u>
Total Liabilities	<u>\$ 329,727</u>	<u>\$ 349,697</u>
Deferred Inflows	<u>\$ 113,796</u>	<u>\$ 120,175</u>
Net Position		
Invested in Capital & Leased Assets, Net of Related Debt	4,828,241	5,019,916
Restricted	688,677	299,581
Unrestricted	<u>(235,969)</u>	<u>(164,490)</u>
Total Net Position	<u>\$5,280,949</u>	<u>\$5,155,007</u>

Table 2 provides a comparison analysis of District-Wide changes in net assets from fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charge for Services	10,530	8,544
Operating Grants and Contributions	396,235	257,148
General Revenues:		
Property Taxes	2,129,904	2,088,141
State Aid Not Restricted	3,012,793	3,007,999
Other	<u>246,489</u>	<u>254,340</u>
Total Revenues	<u>5,795,951</u>	<u>5,616,172</u>
Program Expenses		
Instruction	2,785,359	2,704,142
Support Services:		
Pupils and Instructional Staff	1,363,882	1,132,247
General Administration, School		
Administration, Central Services	554,209	553,229
Operations and Maintenance of Facilities	617,930	696,553
Pupil Transportation	169,701	165,925
Unallocated Depreciation	177,311	176,633
Interest on Long-Term Debt	<u>1,316</u>	<u>333</u>
Total Expenses	<u>5,669,708</u>	<u>5,429,062</u>
Increase/(Decrease) in Net Position	<u>\$ 126,243</u>	<u>\$ 187,110</u>

Governmental Activities

Property taxes made up 37% of revenues for governmental activities for the Deal School District for the fiscal year 2023. The School District's total revenues were \$5,795,951 for the fiscal year ended June 30, 2023. Federal, state and local grants accounted for another 59% of revenues.

The total cost of all program and services was \$5,669,708. Instruction comprises 49% of School District expenses.

The *Statement of Activities* reflects the cost of program services and program revenues, consisting of the charges for services and sales and grants and contributions, offsetting those services. Table 3, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	2,785,359	2,660,210	2,704,142	2,643,773
Support Services:				
Pupil and Instructional Staff	1,363,882	1,082,266	1,132,247	926,924
General Administration, School Administration, Central Services	554,209	554,209	553,229	553,229
Operation and Maintenance of Facilities	617,930	617,930	696,553	696,553
Pupil Transportation	169,701	169,701	165,925	165,925
Unallocated Depreciation	177,311	177,311	176,633	176,633
Interest on Long-Term Debt	<u>1,316</u>	<u>1,316</u>	<u>333</u>	<u>333</u>
Total Expenses	<u>\$5,669,708</u>	<u>\$5,262,943</u>	<u>\$5,429,062</u>	<u>\$5,163,370</u>

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Other includes unallocated depreciation.

The School District's Funds

Information about the School District's major funds is included in the 2022-2023 Annual Comprehensive Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund and Special Revenue Fund presented in the fund-based statements) had total revenues of \$6,026,548 and Expenditures and transfers of \$5,736,488. The change in fund balance for the year was most significant in the General Fund, an increase of \$290,060. The School District is able to meet current operating costs with no urgent need for additional funds.

Capital Assets

At the end of the fiscal 2023 year, the School District had \$4,847,601 invested in land, building and building improvements and machinery and equipment, net of amortization and depreciation.

Table 4
Capital & Leased Assets (Net of Amortization & Depreciation) at June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Land	11,400	11,400
Site Improvements	630,605	660,925
Buildings and Improvements	4,091,903	4,237,832
Machinery and Equipment	<u>113,693</u>	<u>114,811</u>
Totals	<u>\$4,847,601</u>	<u>\$5,024,968</u>

Debt Administration

At June 30, 2023, the School District had \$140,546 in compensated absences payable, \$155,755 in net pension liability and \$19,360 in lease obligations.

Economic Factors and Next Years's Budget

The Deal Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding fluctuates.

The Borough of Deal is primarily a residential community, with very few ratables. A majority of the revenue needed to operate the District is derived from homeowners through property tax assessments and collections. Covid-19 and the additional strain on the school budget was certainly a bit of a challenge due to many of the summer residents not returning to their primary residences and utilizing many of the facets of the school district which has been and will be an up coming challenge for the 2023-2024 school year.

For the 2022-2023 school year, the School Board was able to sustain its general fund budget through local tax levy, state education aid, federal aid, and local revenue sources. Approximately 60% of the School Board's general fund revenue is from Federal and State Aid, 35% of total revenue is from local tax levy, and 5% is from miscellaneous revenue, which among other things includes interest on deposits and rental of facilities.

Beginning in the 2011-2012 school year, the Deal School District became a participant in the New Jersey Inter District School Choice program. The District received \$2,101,670 in State School Choice Aid this school year.

The program provides the opportunity for non-resident students to attend the Deal School at no cost to their parents/guardians. Any school-age student who is a resident of New Jersey is eligible to take advantage of this program. The School Choice program covers grades Kindergarten through Eight. We are thrilled that the Deal School will continue to participate in the School Choice program for the 2023-2024 school year.

In conclusion, the Deal Public 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 reports 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 Donato J. Saponaro Jr., Superintendent of Schools at Deal Board of Education, Roseld Avenue, Deal, NJ 07723.

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. Eliminations have been made to minimize the doubling-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

DEAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	390,838.89	.00	390,838.89
Receivables, Net	92,880.02	.00	92,880.02
Restricted Assets:			
Cash and Cash Equivalents	357,477.57	.00	357,477.57
Capital Assets, Net (Note 6)	4,829,112.00	.00	4,829,112.00
Right-Of-Use Lease Assets, Net (Note 7)	<u>18,489.00</u>	<u>.00</u>	<u>18,489.00</u>
Total Assets	<u>5,688,797.48</u>	<u>.00</u>	<u>5,688,797.48</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pensions (Note 12)	<u>35,674.00</u>	<u>.00</u>	<u>35,674.00</u>
LIABILITIES:			
Accounts Payable	9,065.55	.00	9,065.55
Unearned Revenue	5,000.10	.00	5,000.10
Noncurrent Liabilities (Note 8):			
Due Within One Year	5,472.44	.00	5,472.44
Due Beyond One Year	154,433.68	.00	154,433.68
Net Pension Liability (Note 12)	<u>155,755.00</u>	<u>.00</u>	<u>155,755.00</u>
Total Liabilities	<u>329,726.77</u>	<u>.00</u>	<u>329,726.77</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions (Note 12)	<u>113,796.00</u>	<u>.00</u>	<u>113,796.00</u>
NET POSITION:			
Invested in Capital & Lease Assets, Net of Related Debt	4,828,241.44	.00	4,828,241.44
Restricted for:			
Capital Projects	50,000.00	.00	50,000.00
Maintenance	212,000.00	.00	212,000.00
Excess Surplus	339,492.29	.00	339,492.29
Unemployment Compensation	78,929.88	.00	78,929.88
Student Activities	8,254.96	.00	8,254.96
Unrestricted	<u>(235,969.86)</u>	<u>.00</u>	<u>(235,969.86)</u>
Total Net Position	<u>\$5,280,948.71</u>	<u>.00</u>	<u>5,280,948.71</u>

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

DEAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction:								
Regular Instruction	1,542,156.55	738,147.71	.00	125,148.40	.00	(2,155,155.86)	.00	(2,155,155.86)
Special Education Instruction	249,513.72	175,796.27	.00	.00	.00	(425,309.99)	.00	(425,309.99)
Other Instruction	66,417.50	13,326.85	.00	.00	.00	(79,744.35)	.00	(79,744.35)
Support Services:								
Tuition	386,443.57	.00	.00	.00	.00	(386,443.57)	.00	(386,443.57)
Student & Instruction Related Services								
General Administration	861,983.64	115,455.21	10,529.97	271,086.52	.00	(695,822.36)	.00	(695,822.36)
School Administration	227,608.99	85,121.76	.00	.00	.00	(312,730.75)	.00	(312,730.75)
Central Services	5,700.00	1,594.03	.00	.00	.00	(7,294.03)	.00	(7,294.03)
Plant Operations and Maintenance	149,457.40	84,726.80	.00	.00	.00	(234,184.20)	.00	(234,184.20)
Pupil Transportation	589,701.43	28,228.62	.00	.00	.00	(617,930.05)	.00	(617,930.05)
Employee Benefits	169,700.52	.00	.00	.00	.00	(169,700.52)	.00	(169,700.52)
Unallocated Depreciation	1,242,397.25	(1,242,397.25)	.00	.00	.00	(.00)	.00	(.00)
Interest on Long-Term Debt	177,311.00	.00	.00	.00	.00	(177,311.00)	.00	(177,311.00)
Interest on Long-Term Debt	1,316.08	.00	.00	.00	.00	(1,316.08)	.00	(1,316.08)
Total Governmental Activities	<u>\$5,669,707.65</u>	<u>.00</u>	<u>10,529.97</u>	<u>396,234.92</u>	<u>.00</u>	<u>(5,262,942.76)</u>	<u>.00</u>	<u>(5,262,942.76)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service	.00	.00	.00	.00	.00	(.00)	.00	(.00)
Total Business-Type Activities	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(.00)</u>	<u>.00</u>	<u>(.00)</u>
Total Primary Government	<u>\$5,669,707.65</u>	<u>.00</u>	<u>10,529.97</u>	<u>396,234.92</u>	<u>.00</u>	<u>(5,262,942.76)</u>	<u>.00</u>	<u>(5,262,942.76)</u>
GENERAL REVENUES:								
Taxes:								
Property Taxes Levied for General Purposes, Net						2,129,904.00	.00	2,129,904.00
State Aid Not Restricted						3,012,792.94	.00	3,012,792.94
Miscellaneous Income						<u>246,489.03</u>	<u>.00</u>	<u>246,489.03</u>
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>5,389,185.97</u>	<u>.00</u>	<u>5,389,185.97</u>
Change in Net Position						126,243.21	.00	126,243.21
Net Position - July 1						<u>5,154,705.50</u>	<u>.00</u>	<u>5,154,705.50</u>
Net Position - June 30						<u>\$ 5,280,948.71</u>	<u>.00</u>	<u>5,280,948.71</u>

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 fund type.

DEAL SCHOOL DISTRICT**Balance Sheet
Governmental Funds
June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	736,142.42	12,174.04	748,316.46
Receivables from Other Governments	51,504.00	1,081.02	52,585.02
Other Receivable	<u>40,295.00</u>	<u>.00</u>	<u>40,295.00</u>
Total Assets	<u>\$827,941.42</u>	<u>13,255.06</u>	<u>841,196.48</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable:			
Payroll Deductions and Withholdings Payable	771.62	.00	771.62
Unemployment Compensation Claims Payable	8,292.73	.00	8,292.73
Other Payable	1.20	.00	1.20
Unearned Revenue	<u>.00</u>	<u>5,000.10</u>	<u>5,000.10</u>
Total Liabilities	<u>9,065.55</u>	<u>5,000.10</u>	<u>14,065.65</u>
Fund Balances:			
Restricted For:			
Excess Surplus - Designated for Subsequent Year's Expenditures	129,513.30	.00	129,513.30
Excess Surplus - Current Year	209,978.99	.00	209,978.99
Capital Reserve Account	50,000.00	.00	50,000.00
Maintenance Reserve	212,000.00	.00	212,000.00
Unemployment Compensation	78,929.88	.00	78,929.88
Student Activities	.00	8,254.96	8,254.96
Assigned To:			
Designated by Subsequent Year's Expenditures	70,272.70	.00	70,272.70
Unassigned:			
General Fund	68,181.00	.00	68,181.00
Special Revenue Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Fund Balances	<u>818,875.87</u>	<u>8,254.96</u>	<u>827,130.83</u>
Total Liabilities and Fund Balances	<u>\$827,941.42</u>	<u>13,255.06</u>	

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 governmental funds. The cost of the assets is \$7,531,274.00 and the accumulated depreciation is \$(2,702,162.00). (See Note 6)

4,829,112.00

Leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the leased assets is \$27,946.25 and the accumulated amortization is \$(9,457.25). (See Note 7)

18,489.00

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include (See Note 12).

Deferred Outflows of Resources from Pensions	35,674.00
Net Pension Liability	(155,755.00)
Deferred Inflows of Resources from Pensions	<u>(113,796.00)</u>

(233,877.00)

Long-term liabilities, below are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8)

(159,906.12)

Net Position of Government Funds

\$5,280,948.71

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

DEAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local Tax Levy	2,129,904.00	.00	2,129,904.00
Unrestricted Miscellaneous Revenues	246,489.03	.00	246,489.03
Federal Sources	.00	392,516.92	392,516.92
State Sources	3,243,389.94	3,718.00	3,247,107.94
Local Sources	.00	<u>10,529.97</u>	<u>10,529.97</u>
Total Revenues	<u>5,619,782.97</u>	<u>406,764.89</u>	<u>6,026,547.86</u>
EXPENDITURES:			
Current:			
Regular Instruction	1,439,245.65	125,148.40	1,564,394.05
Special Education Instruction	248,969.97	.00	248,969.97
Other Instruction	66,417.50	.00	66,417.50
Support Services:			
Tuition	386,443.57	.00	386,443.57
Student & Instruction Related Services	578,056.28	281,912.26	859,968.54
General Administration	209,934.95	.00	209,934.95
School Administrative Services	5,700.00	.00	5,700.00
Central Services	138,476.16	.00	138,476.16
Plant Operations and Maintenance	589,307.43	.00	589,307.43
Pupil Transportation	169,700.52	.00	169,700.52
Employee Benefits	1,497,026.25	.00	1,497,026.25
Capital Outlay	149.00	.00	149.00
Total Expenditures	<u>5,329,427.28</u>	<u>407,060.66</u>	<u>5,736,487.94</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>290,355.69</u>	<u>(295.77)</u>	<u>290,059.92</u>
Net Change in Fund Balances	290,355.69	(295.77)	290,059.92
Fund Balance - July 1	<u>528,520.18</u>	<u>8,550.73</u>	<u>537,070.91</u>
Fund Balance - June 30	<u>\$ 818,875.87</u>	<u>8,254.96</u>	<u>827,130.83</u>

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

DEAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds (from B-2) 290,059.92

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation Expense	(190,944.00)	
Capital Outlay	<u>.00</u>	(190,944.00)

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which capital outlays exceeded amortization in the current fiscal year.

Amortization Expense	(5,589.25)	
Lease Asset Additions	<u>8,606.25</u>	3,017.00

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

3,524.46

Payment of leases is an expenditure in the government funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

5,160.08

Leases entered into by the District are an other financing source in the governmental funds but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

(8,606.25)

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions - PERS 2023	13,015.00	
Add: Pension Expense	<u>11,017.00</u>	24,032.00

Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Decrease in On-behalf State Aid TPAF Pension Revenue	(391,317.00)	
Decrease in On-behalf TPAF Pension Expense	<u>391,317.00</u>	.00

Per GASB No. 75 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF & PERS post-retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Revenue	160,720.00	
Increase in On-behalf State Aid TPAF & PERS Post-Retirement Medical Expense	<u>(160,720.00)</u>	.00

Change in net position of governmental activities		<u>\$126,243.21</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

DEAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities- Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	_____ .00
Total Current Assets	_____ .00
Noncurrent Assets:	
Equipment	1,863.00
Less Accumulated Depreciation	(1,863.00)
Total Noncurrent Assets	_____ .00
Total Assets	\$ _____ .00
LIABILITIES:	
Current Liabilities:	
Interfund Payable	_____ .00
Total Current Liabilities	_____ .00
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	.00
Unrestricted	_____ .00
Total Net Position	\$ _____ .00

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

DEAL SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities- Enterprise Funds
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	_____ .00
Total Operating Revenues	_____ .00
OPERATING EXPENSES:	
Cost of Sales	.00
Other Expenses	_____ .00
Total Operating Expenses	_____ .00
Operating Income (Loss)	_____ .00
NONOPERATING REVENUES:	
Federal Sources:	
Special Milk Program	_____ .00
Total Nonoperating Revenues	_____ .00
Income (Loss) Before Contributions and Transfers	.00
Operating Transfer In Board Contribution	_____ .00
Change in Net Position	.00
Total Net Position - July 1	_____ .00
Total Net Position - June 30	\$ <u>_____ .00</u>

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

DEAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities- Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Daily Sales	.00
Payments to Suppliers	.00
Payments for Other Expenses	.00
Net Cash Used for Operating Activities	.00
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Board Contributions	.00
Net Cash Provided by Noncapital Financing Activities	.00
Net Increase (Decrease) in Cash and Cash Equivalents	.00
Cash and Cash Equivalents - July 1	.00
Cash and Cash Equivalents - June 30	\$.00
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income (Loss)	.00
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	.00
Total Adjustments	.00
Net Cash Used for Operating Activities	\$.00

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

NOTES TO THE FINANCIAL STATEMENTS

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The financial statements of the Board of Education of Deal School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

A. Reporting Entity:

The Deal School District is a Type II district located in the County of Monmouth, 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 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.

B. New Accounting Standards:

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Implementation of this Statement did not impact the District's financial statements.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to enhance the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting guarantees. Implementation of this Statement did not impact the District's financial statements.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. New Accounting Standards:

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 100, *Accounting Changes and Error Correction - an amendment of GASB*, will be effective for the year ended June 30, 2024. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management does not expect this Statement to impact the financial statements.
- GASB Statement No. 101, *Compensated Absences*, will be effective for the year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management does not expect this Statement to impact the financial statements.

C. 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 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. Separate statements for each fund category - *governmental and proprietary* are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

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 non-instructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP as it pertains to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted 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.

The District reports the following proprietary fund:

Enterprise 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 cost (ie. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting:

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

District-Wide and Proprietary Fund Financial Statements: The District-Wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund uses 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 State Statute a 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting (Cont'd):

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.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board voted to adopt P.L. 2011 c.202, effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and the board of education members are elected at the November general elections. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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. 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP 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 presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

E. Encumbrances:

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as 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 unearned 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.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

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

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

Interfund Transactions:

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

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Allowance for Uncollectible Accounts:

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

Inventories:

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

Capital Assets:

Districts are required to record capital assets in their general ledger or separate fixed asset system. The District contracts with Industrial Appraisal Company to prepare a property and accounting cost record report annually. The District defines capital assets as assets with an initial individual cost of more than \$2,000.00. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. All reported capital assets except for land and construction in progress are depreciated.

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.

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	30-40
Building Improvements	20
Office & Computer Equipment	5-10
Instructional Equipment	10
Site Improvements	20

In the fund financial statements, fixed assets used in government 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.

Lease Assets:

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

Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

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.

Net Position:

Net position represent the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. 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 positions are available.

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definition*". The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, deferred outflows related to pensions.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, deferred inflows related to pensions, that qualified for reporting in this category.

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.

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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd):

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 pension benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function is reported separately on the Statement of Activities.

Management Estimates:

The preparation of financial statements in conformity with GAAP 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 AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2023, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			748,316.46
Investments:			
None			<u>.00</u>
Total deposits and investments			<u>\$748,316.46</u>
Reconciliation of Statement of Net Position:			
Current:			
Cash and Cash Equivalents			390,838.89
Restricted Assets:			
Capital Reserve Account - Cash			50,000.00
Maintenance Reserve - Cash			212,000.00
Unemployment Compensation - Cash			87,222.61
Student Activities - Cash			<u>8,254.96</u>
			<u>\$748,316.46</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$802,835.22 at June 30, 2023. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$552,835.22 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D):

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2023, the District had no investments.

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Deal Board of Education in October 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 board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation accounts 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$100.00
Interest earnings	.00
Deposits	
Board resolution	49,900.00
Withdrawals	
Board resolution	(00)
Ending balance, June 30, 2023	<u>\$50,000.00</u>

NOTE 4. MAINTENANCE RESERVE ACCOUNT

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 4. MAINTENANCE RESERVE ACCOUNT (CONT'D):

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$212,000.00
Transfer by Resolution June, 2023	<u>.00</u>
Ending balance, June 30, 2023	<u>\$212,000.00</u>

NOTE 5. RECEIVABLES

Receivables at June 30, 2023, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	51,504.00	51,504.00
Federal Aid	1,081.02	1,081.02
Other	<u>40,295.00</u>	<u>40,295.00</u>
Gross Receivables	92,880.02	92,880.02
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$92,880.02</u>	<u>92,880.02</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>11,400.00</u>	<u>.00</u>	<u>.00</u>	<u>11,400.00</u>
Total capital assets not being depreciated	<u>11,400.00</u>	<u>.00</u>	<u>.00</u>	<u>11,400.00</u>
Capital assets being depreciated:				
Site Improvements	964,979.00	.00	.00	964,979.00
Building and building improvements	5,749,597.00	.00	.00	5,749,597.00
Machinery and equipment	<u>805,298.00</u>	<u>.00</u>	<u>.00</u>	<u>805,298.00</u>
Total capital assets being depreciated	<u>7,519,874.00</u>	<u>.00</u>	<u>.00</u>	<u>7,519,874.00</u>
Total at historical cost	<u>7,531,274.00</u>	<u>.00</u>	<u>.00</u>	<u>7,531,274.00</u>
Less accumulated depreciation for:				
Site Improvements	(304,054.00)	(30,320.00)	.00	(334,374.00)
Building and improvements	(1,511,765.00)	(145,929.00)	.00	(1,657,694.00)
Machinery and equipment	<u>(695,399.00)</u>	<u>(14,695.00)</u>	<u>.00</u>	<u>(710,094.00)</u>
Total accumulated depreciation	<u>(2,511,218.00)</u>	<u>(190,944.00)</u>	<u>.00</u>	<u>(2,702,162.00)</u>
Governmental activity capital assets, net	<u>\$ 5,020,056.00</u>	<u>(190,944.00)</u>	<u>.00</u>	<u>4,829,112.00</u>

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 6. CAPITAL ASSETS (CONT'D):

Capital asset activity for the fiscal year ended June 30, 2023, was as follows (Cont'd):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type activities:				
Capital assets being depreciated:				
Equipment	1,863.00	.00	.00	1,863.00
Less accumulated depreciation	<u>(1,863.00)</u>	<u>.00</u>	<u>.00</u>	<u>(1,863.00)</u>
Enterprise fund capital assets, net	<u>\$.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

Depreciation expense was charged to the following governmental programs:

Student & Instruction Related Services	1,182.00
Support Services - Administration	12,206.00
Plant Operations	245.00
Unallocated	<u>177,311.00</u>
Total	<u>\$190,944.00</u>

NOTE 7. RIGHT-OF-USE LEASE ASSETS - FINANCE LEASES

The District has recorded Right-Of-Use Lease Assets. The related lease finance obligations are discussed in the Note 8. The Right-Of-Use Lease Assets are amortized on a straight-line basis over the terms of the related leases.

Right-Of-Use Lease Assets activity for the year ended June 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Right-Of-Use Lease Assets:				
Leased Copy Machines	19,340.00	.00	.00	19,340.00
Leased Postage Meter	<u>.00</u>	<u>8,606.25</u>	<u>.00</u>	<u>8,606.25</u>
Total Right-Of-Use Lease Assets	<u>19,340.00</u>	<u>8,606.25</u>	<u>.00</u>	<u>27,946.25</u>
Accumulated Amortization:				
Leased Copy Machines	(3,868.00)	(3,868.00)	.00	(7,736.00)
Leased Postage Meter	<u>.00</u>	<u>(1,721.25)</u>	<u>.00</u>	<u>(1,721.25)</u>
Total Accumulated Amortization	<u>(3,868.00)</u>	<u>(5,589.25)</u>	<u>.00</u>	<u>(9,457.25)</u>
Right-Of-Use Lease Assets, Net	<u>\$15,472.00</u>	<u>3,017.00</u>	<u>.00</u>	<u>18,489.00</u>

Amortization expense in the amount of \$5,589.25 was charged to governmental functions is as follows:

<u>Function</u>	<u>Amount</u>
Central Services	<u>\$5,589.25</u>

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8. LONG-TERM OBLIGATIONS:

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Lease Obligations - Finance Leases	15,913.39	8,606.25	5,160.08	19,359.56	5,472.44
Compensated Absences	<u>144,071.02</u>	<u>19,500.54</u>	<u>23,025.00</u>	<u>140,546.56</u>	<u>.00</u>
	<u>\$159,984.41</u>	<u>28,106.79</u>	<u>28,185.08</u>	<u>159,906.12</u>	<u>5,472.44</u>

B. Bonds Authorized But Not Issued: The District had no authorized but not issued bonds at June 30, 2023.

C. Lease Obligations - Finance Leases:

As of June 30, 2023, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total</u>
Two Copy Machines	June 17, 2026	5.90%	12,279.05
Postage Meter	June 5, 2027	5.75%	<u>7,080.51</u>
			<u>\$19,359.56</u>

The future annual lease payments as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	5,472.44	1,003.72	6,476.16
2025	5,803.68	672.48	6,476.16
2026	6,154.86	321.30	6,476.16
2027	<u>1,928.58</u>	<u>71.58</u>	<u>2,000.16</u>
	<u>\$19,359.56</u>	<u>2,069.08</u>	<u>21,428.64</u>

NOTE 9. FUND BALANCE APPROPRIATED

General Fund - Of the \$818,875.87 General Fund fund balance at June 30, 2023, \$209,978.99 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$129,513.30 has been restricted for excess surplus at June 30, 2022 and has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$50,000.00 has been restricted in the Capital Reserve Account; \$212,000.00 has been restricted in a Maintenance Reserve Account; \$70,272.70 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ended June 30, 2024; \$78,929.88 has been restricted for Unemployment Compensation Account; and \$68,181.00 is unassigned.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 10. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). 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, 2023 is \$209,978.99.

NOTE 11. CONTINGENT LIABILITIES

Grant Programs:

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

NOTE 12. 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 Pensions 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 <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund (TPAF) 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 purpose 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 \$7,317,003 as measured on June 30, 2022 and \$6,808,258 as measured on June 30, 2021.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

For the year ended June 30, 2023, the District recognized pension expense of \$196,945 and revenue of \$196,945 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, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. 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, 2021 and June 30, 2022.

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.

	<u>06/30/2021</u>	<u>06/30/2022</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	27,175,330,929	19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	48,075,188,642	51,594,415,806
State's portion of the net pension liability that was associated with the district	6,808,258	7,317,903
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0141616867%	0.0141835176%

Actuarial assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

Teachers' Pension and Annuity Fund (TPAF) (Cont'd):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's proportionate share of the 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. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <https://www.nj.gov/treasury/pensions/annual-reports.shtml>.

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 Division of Pensions and Benefits financial report at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

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.

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

At June 30, 2023, the District reported a liability of \$155,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.0010320781% which was a decrease of 0.0005868902% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$(11,017). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,124	991
Changes of assumptions	483	23,323
Net difference between projected and actual investment earnings on pension plan investments	6,447	-
Changes in proportion	14,605	89,482
District contributions subsequent to the measurement date	<u>13,015</u>	-
Total	<u>\$35,674</u>	<u>\$113,796</u>

\$13,015 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30
2023	(32,612)
2024	(29,995)
2025	(24,652)
2026	(9,555)
2027	<u>(770)</u>
Total	<u>\$(97,584)</u>

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

Public Employees' Retirement System (PERS) (Cont'd):

Additional Information:

Local Group Collective balances at June 30, 2021 and 2022 are as follows:

	<u>06/30/2021</u>	<u>06/30/2022</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,965
Collective net pension liability (Non State - Local Group)	11,972,782,878	15,219,184,920
District's portion of net pension liability	191,791	155,755
District's portion %	0.0016189163%	0.0010320781%

Actuarial assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
	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 a 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

Public Employees' Retirement System (PERS) (Cont'd):

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the 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, 2022, calculated using the discount rate of (7.00%), 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$186,782	\$155,755	\$129,378

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 Division of Pensions and Benefits financial report at <https://www.nj.gov/treasury/pensions/annual-reports.shtml>.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

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. Member contributions are matched by a 3% employer contribution. For the year ended June 30, 2023, employee contributions total \$.00, and the District recognized pension expense of \$.00. 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 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12. PENSION PLANS (CONT'D):

Significant Legislation (Cont'd):

Chapter 78's provisions impacting employee pension and health benefits include (Cont'd):

- 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 7.50% 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 7.50% and the PERS rate is 7.50% of covered payroll.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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>Liability</u>
6/30/23	13,015	100%	-
6/30/22	18,960	100%	-
6/30/21	17,378	100%	-

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>Liability</u>
6/30/23	588,262	100%	-
6/30/22	592,124	100%	-
6/30/21	419,496	100%	-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$154,535.00 to the TPAF for post-retirement medical benefits and \$320.00 for long-term disability insurance on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$134,466.94 during the year ended June 30, 2023, 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 the 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claim costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total Nonemployer 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 District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District 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.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd)

Actuarial Assumptions and Other Inputs

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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.

Total Nonemployer OPEB Liability	\$50,646,462,966		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	Based on Service Years	Based on Service Years	Based on Service Years

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Total Nonemployer OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments by the State	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net Changes	<u>(9,361,188,004)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

Differences Between Expected and Actual Experience: The \$1,399,200,736 increase in liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Update in census information	\$1,102,043,610
Premium and Claims Experience	<u>297,157,126</u>
Total	<u>\$1,399,200,736</u>

Changes in Assumptions: The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$1,934,312,842
Experience Study Update	(2,690,739,174)
Discount Rate Change	<u>(12,829,941,765)</u>
Total Changes in Assumptions	<u>\$(13,586,368,097)</u>

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

Sensitivity of the total Nonemployer OPEB Liability to changes in the discount rate

The following presents the total nonemployer 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, 2022	
	1% Decrease	Discount Rate	1% Increase
	(2.54%)	(3.54%)	(4.54%)
Total Nonemployer OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

Sensitivity of the total Nonemployer OPEB Liability to changes in the healthcare cost trend rates

The following presents the total nonemployer 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, 2022	
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Nonemployer OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of \$315,250 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 GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the Deal Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience Assumption Changes	9,042,402,619	15,462,950,679
Contributions Made in Fiscal Year Ending 2022 After June 30, 2021 Measurement Date	8,765,620,577	17,237,289,230
	TBD	N/A
	\$17,808,023,196	\$32,700,239,909

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13. OTHER POST-RETIREMENT BENEFITS (CONT'D):

General Information about the OPEB Plan (Cont'd):

Total Nonemployer OPEB Liability (Cont'd):

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$(2,517,151,602)
2024	\$(2,517,151,602)
2025	\$(2,517,151,602)
2026	\$(2,175,449,761)
2027	\$(1,243,951,140)
Thereafter	\$(3,921,361,006)

NOTE 14. 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 employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Position in two components - the amount due within one year and the amount due in more than one year.

NOTE 15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

DEAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 15. RISK MANAGEMENT (Cont'd)

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 unemployment compensation fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions/ Transfers</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	.00	3,859.98	3,161.36	87,222.61*
2021-2022	.00	3,462.99	.00	86,523.99
2020-2021	6,920.09	4,131.12	.00	83,061.00

*Includes \$8,292.73 unemployment claims payable (unspent employee deductions)

NOTE 16. INVENTORY

The District had no inventory at June 30, 2023.

NOTE 17. DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$235,969.86 existed as of June 30, 2023 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that related to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 18. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and October 30, 2023, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items came to the attention of the District that would require disclosure:

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	2,129,904.00	0.00	2,129,904.00	2,129,904.00	0.00
Unrestricted Miscellaneous Revenues	245,600.00	0.00	245,600.00	246,489.03	889.03
Interest Earned on Maintenance Reserve	100.00	0.00	100.00	0.00	(100.00)
Interest Earned on Capital Reserve	1.00	0.00	1.00	0.00	(1.00)
Total - Local Sources	<u>2,375,605.00</u>	<u>0.00</u>	<u>2,375,605.00</u>	<u>2,376,393.03</u>	<u>788.03</u>
State Sources:					
School Choice Aid	2,101,670.00	0.00	2,101,670.00	2,101,670.00	0.00
Transportation Aid	31,046.00	0.00	31,046.00	31,046.00	0.00
Special Education Categorical Aid	181,368.00	0.00	181,368.00	181,368.00	0.00
Security Aid	19,290.00	0.00	19,290.00	19,290.00	0.00
Extraordinary Aid	0.00	0.00	0.00	37,763.00	37,763.00
Reimbursed Nonpublic School Transportation Costs Aid	0.00	0.00	0.00	13,741.00	13,741.00
TPAF - Pension Contribution (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	588,262.00	588,262.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	154,535.00	154,535.00
TPAF - LTD Insurance Contribution (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	320.00	320.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	134,466.94	134,466.94
Total - State Sources	<u>2,333,374.00</u>	<u>0.00</u>	<u>2,333,374.00</u>	<u>3,262,461.94</u>	<u>929,087.94</u>
Total Revenues	<u>\$4,708,979.00</u>	<u>0.00</u>	<u>4,708,979.00</u>	<u>5,638,854.97</u>	<u>929,875.97</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	91,255.00	(3,750.00)	87,505.00	79,308.34	8,196.66
Grades 1-5 - Salaries of Teachers	642,137.00	10,495.63	652,632.63	652,632.63	0.00
Grades 6-8 - Salaries of Teachers	450,130.00	13,541.56	463,671.56	463,671.56	0.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	57,148.00	0.00	57,148.00	57,147.87	0.13
Purchased Professional-Educational Services	0.00	37,500.00	37,500.00	37,499.98	0.02
Purchased Technical Services	30,000.00	2,177.78	32,177.78	32,177.78	0.00
Other Purchased Services (400-500 series)	30,000.00	0.00	30,000.00	29,818.50	181.50
General Supplies	78,024.00	(3,575.11)	74,448.89	74,445.89	3.00
Textbooks	20,000.00	(4,067.20)	15,932.80	12,543.10	3,389.70
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,398,694.00</u>	<u>52,322.66</u>	<u>1,451,016.66</u>	<u>1,439,245.65</u>	<u>11,771.01</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	304,578.00	(23,693.18)	280,884.82	248,969.97	31,914.85
Total Resource Room/Resource Center	<u>304,578.00</u>	<u>(23,693.18)</u>	<u>280,884.82</u>	<u>248,969.97</u>	<u>31,914.85</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>304,578.00</u>	<u>(23,693.18)</u>	<u>280,884.82</u>	<u>248,969.97</u>	<u>31,914.85</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	28,178.00	(1,588.84)	26,589.16	17,298.62	9,290.54
Other Objects	9,500.00	1,588.84	11,088.84	11,064.84	24.00
Total School-Spon. Cocurricular Actvts. - Inst.	<u>37,678.00</u>	<u>0.00</u>	<u>37,678.00</u>	<u>28,363.46</u>	<u>9,314.54</u>
School-Spon. Cocurricular Athletics - Inst.					
Salaries	35,041.00	0.00	35,041.00	26,775.97	8,265.03
Other Objects	7,750.00	0.00	7,750.00	7,698.07	51.93
Total School-Spon. Cocurricular Athletics - Inst.	<u>42,791.00</u>	<u>0.00</u>	<u>42,791.00</u>	<u>34,474.04</u>	<u>8,316.96</u>
Summer School - Inst.					
Salaries of Teachers	4,000.00	0.00	4,000.00	3,580.00	420.00
General Supplies	0.00	0.00	0.00	0.00	0.00
Total Summer School - Inst.	<u>4,000.00</u>	<u>0.00</u>	<u>4,000.00</u>	<u>3,580.00</u>	<u>420.00</u>
TOTAL INSTRUCTION AND AT-RISK PROGRAMS	<u>1,787,741.00</u>	<u>28,629.48</u>	<u>1,816,370.48</u>	<u>1,754,633.12</u>	<u>61,737.36</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	93,736.00	42,773.17	136,509.17	136,498.37	10.80
Tuition to Other LEAs Within the State - Special	141,700.00	(59,563.78)	82,136.22	64,484.80	17,651.42
Tuition to County Voc. School Dist. - Regular	14,046.00	0.00	14,046.00	988.00	13,058.00
Tuition to County Voc. School Dist. - Special	6,242.00	0.00	6,242.00	6,242.00	0.00
Tuition to CSSD and Regional Day Schools	0.00	51,120.00	51,120.00	51,120.00	0.00
Tuition to Private Schools for the Disabled - Within State	199,344.00	(59,910.61)	139,433.39	127,110.40	12,322.99
Total Undistributed Expenditures - Instruction:	<u>455,068.00</u>	<u>(25,581.22)</u>	<u>429,486.78</u>	<u>386,443.57</u>	<u>43,043.21</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	47,407.00	455.20	47,862.20	47,862.20	0.00
Total Undistributed Expend. - Attend. & Social Work	<u>47,407.00</u>	<u>455.20</u>	<u>47,862.20</u>	<u>47,862.20</u>	<u>0.00</u>
Undist. Expend. - Health Services					
Salaries	73,025.00	0.00	73,025.00	69,775.00	3,250.00
Purchased Professional and Technical Services	2,500.00	0.00	2,500.00	2,500.00	0.00
Total Undistributed Expenditures - Health Services	<u>75,525.00</u>	<u>0.00</u>	<u>75,525.00</u>	<u>72,275.00</u>	<u>3,250.00</u>
Undist. Expend. - Speech, OT, PT, & Related Services					
Purchased Professional - Educational Services	127,000.00	0.00	127,000.00	125,497.25	1,502.75
Total Undist. Exp. - Speech, OT, PT & Related Services	<u>127,000.00</u>	<u>0.00</u>	<u>127,000.00</u>	<u>125,497.25</u>	<u>1,502.75</u>

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	0.00	0.00	0.00	0.00	0.00
Purchased Professional - Educational Services	60,800.00	17,860.00	78,660.00	78,660.00	0.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	60,800.00	17,860.00	78,660.00	78,660.00	0.00
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	65,680.00	2,600.00	68,280.00	68,280.00	0.00
Salaries of Secretarial and Clerical Assistants	17,897.00	455.32	18,352.32	18,352.32	0.00
Total Undist. Expend. - Guidance	83,577.00	3,055.32	86,632.32	86,632.32	0.00
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	29,510.00	0.00	29,510.00	29,510.00	0.00
Salaries of Secretarial and Clerical Assistants	37,615.00	(148.29)	37,466.71	36,704.40	762.31
Purchased Professional - Educational Services	40,000.00	13,148.29	53,148.29	53,148.29	0.00
Total Undist. Expend. - Child Study Teams	107,125.00	13,000.00	120,125.00	119,362.69	762.31
Undist. Expend. - Improvement of Inst. Serv.					
Salary of Supervisor of Instruction	33,725.00	0.00	33,725.00	32,999.84	725.16
Purchased Professional - Educational Services	13,500.00	0.00	13,500.00	6,739.08	6,760.92
Other Objects	4,500.00	0.00	4,500.00	0.00	4,500.00
Total Undist. Expend. - Improvement of Inst. Serv.	51,725.00	0.00	51,725.00	39,738.92	11,986.08
Undist. Expend. - Instructional Staff Training Services					
Purchased Professional - Educational Services	7,500.00	0.00	7,500.00	6,237.90	1,262.10
Other Purchased Professional & Technical Services	8,000.00	0.00	8,000.00	1,790.00	6,210.00
Total Undist. Expend. - Instr. Staff Training Serv.	15,500.00	0.00	15,500.00	8,027.90	7,472.10
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	148,295.00	3,481.16	151,776.16	151,776.16	0.00
Legal Services	20,000.00	(255.00)	19,745.00	15,890.00	3,855.00
Audit Fees	18,900.00	0.00	18,900.00	18,900.00	0.00
Other Purchased Professional & Technical Services	2,000.00	0.00	2,000.00	1,912.50	87.50
Miscellaneous Expenditures	19,250.00	2,206.29	21,456.29	21,456.29	0.00
Total Undist. Expend. - Supp. Serv. - General Admin.	208,445.00	5,432.45	213,877.45	209,934.95	3,942.50
Undist. Expend. - Support Serv. - School Admin.					
Other Salaries	5,700.00	0.00	5,700.00	5,700.00	0.00
Total Undist. Expend. - Support Serv. - School Admin.	5,700.00	0.00	5,700.00	5,700.00	0.00
Undistributed Expenditures - Central Services					
Salaries	132,000.00	0.00	132,000.00	132,000.00	0.00
Sale/Lease-back Payments	11,000.00	0.00	11,000.00	6,476.16	4,523.84
Total Undistributed Expenditures - Central Services	143,000.00	0.00	143,000.00	138,476.16	4,523.84
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	110,000.00	0.00	110,000.00	16,765.76	93,234.24
General Supplies	10,000.00	0.00	10,000.00	0.00	10,000.00
Total Undist. Expend. - Required Maintenance for School Facilities	120,000.00	0.00	120,000.00	16,765.76	103,234.24
Undist. Expend. - Custodial Services					
Salaries	45,130.00	0.00	45,130.00	44,491.04	638.96
Cleaning, Repair and Maintenance Services	110,000.00	647.17	110,647.17	110,647.17	0.00
Other Purchased Property Services	170,000.00	29,340.09	199,340.09	199,340.09	0.00
Insurance	48,000.00	(7,833.87)	40,166.13	40,166.13	0.00
General Supplies	10,018.00	(134.23)	9,883.77	6,425.03	3,458.74
Energy (Natural Gas)	95,000.00	0.00	95,000.00	94,887.70	112.30
Energy (Electricity)	60,000.00	(19,870.39)	40,129.61	36,128.32	4,001.29
Other Objects	500.00	0.00	500.00	0.00	500.00
Total Undist. Expend. - Custodial Services	538,648.00	2,148.77	540,796.77	532,085.48	8,711.29
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	24,600.00	0.00	24,600.00	24,599.99	0.01
Total Undist. Expend. - Care & Upkeep of Grounds	24,600.00	0.00	24,600.00	24,599.99	0.01
Undist. Expend. - Security					
Purchased Professional and Technical Services	15,000.00	0.00	15,000.00	12,735.04	2,264.96
Cleaning, Repair and Maintenance Services	4,500.00	0.00	4,500.00	3,121.16	1,378.84
Total Undist. Expend. - Security	19,500.00	0.00	19,500.00	15,856.20	3,643.80
Total Undist. Expend. - Oper. & Maint. Of Plant	702,748.00	2,148.77	704,896.77	589,307.43	115,589.34
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Bet. H&S) - Non-Public Schools	12,745.00	0.00	12,745.00	12,744.96	0.04
Contracted Services - Aid In Lieu of Payment for Non-Public Schools	22,000.00	0.00	22,000.00	11,000.00	11,000.00
Contract Services (Other than Between Home & School)-Vendors	45,000.00	0.00	45,000.00	19,023.64	25,976.36
Contract Services - (Between Home and Sch) - Joint Agrmts	19,250.00	0.00	19,250.00	18,709.62	540.38
Contract Services - (Spl. Ed. Students) - Vendors	90,000.00	0.00	90,000.00	63,948.92	26,051.08
Contract Services - (Regular Students) - ESCs & CTSA	67,500.00	0.00	67,500.00	44,273.38	23,226.62
Total Undist. Expend. - Student Transportation Serv.	256,495.00	0.00	256,495.00	169,700.52	86,794.48

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Regular Programs - Instruction - Employee Benefits					
Health Benefits	590,078.00	(45,000.00)	545,078.00	534,295.64	10,782.36
Total Regular Programs - Instruction	590,078.00	(45,000.00)	545,078.00	534,295.64	10,782.36
TOTAL ALLOCATED BENEFITS	590,078.00	(45,000.00)	545,078.00	534,295.64	10,782.36
UNALLOCATED BENEFITS					
Other Retirement Contributions - PERS	22,000.00	0.00	22,000.00	13,015.00	8,985.00
Social Security Contributions	29,500.00	0.00	29,500.00	26,563.01	2,936.99
Other Retirement Contributions - ERIP	1,250.00	0.00	1,250.00	0.00	1,250.00
Unemployment Compensation	11,000.00	(1,397.70)	9,602.30	0.00	9,602.30
Workmen's Compensation	20,000.00	22.70	20,022.70	20,022.70	0.00
Tuition Reimbursement	15,000.00	0.00	15,000.00	10,170.96	4,829.04
Unused Sick Payment to Terminated/Retired Staff	14,000.00	1,375.00	15,375.00	15,375.00	0.00
TOTAL UNALLOCATED BENEFITS	112,750.00	0.00	112,750.00	85,146.67	27,603.33
On-Behalf TPAF Pension Contributions (non-budgeted)	0.00	0.00	0.00	588,262.00	(588,262.00)
On-Behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	0.00	0.00	0.00	154,535.00	(154,535.00)
On-Behalf TPAF LTD Insurance Contributions (non-budgeted)	0.00	0.00	0.00	320.00	(320.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	134,466.94	(134,466.94)
TOTAL ON-BEHALF CONTRIBUTIONS	0.00	0.00	0.00	877,583.94	(877,583.94)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	702,828.00	(45,000.00)	657,828.00	1,497,026.25	(839,198.25)
Interest Earned on Maintenance Reserve	100.00	0.00	100.00	0.00	100.00
TOTAL UNDISTRIBUTED EXPENDITURES	3,043,043.00	(28,629.48)	3,014,413.52	3,574,645.16	(560,231.64)
TOTAL GENERAL CURRENT EXPENSE	4,830,784.00	0.00	4,830,784.00	5,329,278.28	(498,494.28)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	149.00	0.00	149.00	149.00	0.00
Total Facilities and Construction Services	149.00	0.00	149.00	149.00	0.00
Interest Deposit to Capital Reserve	1.00	0.00	1.00	0.00	1.00
TOTAL CAPITAL OUTLAY	150.00	0.00	150.00	149.00	1.00
TOTAL EXPENDITURES	4,830,934.00	0.00	4,830,934.00	5,329,427.28	(498,493.28)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(121,955.00)	0.00	(121,955.00)	309,427.69	431,382.69
Other Financing Sources (Uses):					
Operating Transfer In (Out):					
Withdrawal from Maintenance Reserve	120,000.00	0.00	120,000.00	0.00	102,000.00
Total Other Financing Sources (Uses):	120,000.00	0.00	120,000.00	0.00	102,000.00
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	(1,955.00)	0.00	(1,955.00)	309,427.69	533,382.69
Fund Balance - July 1	742,771.18	0.00	742,771.18	742,771.18	0.00
Fund Balance - June 30	\$740,816.18	\$0.00	\$740,816.18	\$1,052,198.87	\$533,382.69
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				50,000.00	
Maintenance Reserve				212,000.00	
Unemployment Compensation				78,929.88	
Excess Surplus - Designated for Subsequent Year's Expenditures				129,513.30	
Excess Surplus - Current year				209,978.99	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				70,272.70	
Unassigned Fund Balance				301,504.00	
				1,052,198.87	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payment not recognized on GAAP basis				233,323.00	
Fund Balance per Governmental Funds (GAAP)				\$1,285,521.87	

DEAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2023
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fund to Actual</u>
REVENUES:					
Local Sources:					
NJEA Sustainable Schools Grant	0.00	5,000.00	5,000.00	0.00	(5,000.00)
Student Activities	0.00	0.00	0.00	10,529.97	10,529.97
Total - Local Sources	0.00	5,000.00	5,000.00	10,529.97	5,529.97
Federal Sources:					
Title I, Part A	0.00	15,298.00	15,298.00	15,298.00	0.00
Title II, Part A	1,627.00	(1,627.00)	0.00	0.00	0.00
I.D.E.A. Part B, Basic	34,775.00	5,873.00	40,648.00	40,648.00	0.00
I.D.E.A. Part B, Preschool	0.00	1,351.00	1,351.00	1,351.00	0.00
ARP ESSER	268,661.00	0.00	268,661.00	231,627.02	(37,033.98)
ARP ESSER - Accelerated Learning Coaching and Educator Support Grant	50,000.00	0.00	50,000.00	36,198.00	(13,802.00)
ARP ESSER - Evidence-Based Summer Learning and Enrichment Activities Grant	40,000.00	0.00	40,000.00	21,141.90	(18,858.10)
ARP ESSER - Evidence-Based Comprehensive Beyond the School Day Activities Grant	40,000.00	0.00	40,000.00	11,679.50	(28,320.50)
ARP ESSER - NJTSS Mental Health Support Staffing Grant	45,000.00	0.00	45,000.00	34,573.50	(10,426.50)
Total - Federal Sources	480,063.00	20,895.00	500,958.00	392,516.92	(108,441.08)
State Sources:					
SDA - Emergent and Capital Maintenance Needs	0.00	3,718.00	3,718.00	3,718.00	0.00
Total - State Sources					
Total Revenues	480,063.00	29,613.00	509,676.00	406,764.89	(102,911.11)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	85,000.00	14,210.00	99,210.00	67,147.50	32,062.50
Purchased Services	7,017.00	(1,627.00)	5,390.00	5,390.00	0.00
Instructional Supplies	68,366.00	1.00	68,367.00	52,610.90	15,756.10
Total Instruction	160,383.00	12,584.00	172,967.00	125,148.40	47,818.60
Support Services:					
Salaries	6,300.00	0.00	6,300.00	7,387.00	(1,087.00)
Employee Benefits	6,984.00	1,087.00	8,071.00	3,713.00	4,358.00
Professional Technical Services	212,530.00	10,873.00	223,403.00	188,891.46	34,511.54
Purchased Property Services	73,000.00	0.00	76,718.00	62,754.38	13,963.62
Other Purchased Services	2,750.00	1,351.00	4,101.00	1,802.00	2,299.00
Supplies and Materials	18,116.00	0.00	18,116.00	6,538.68	11,577.32
Student Activities	0.00	0.00	0.00	10,825.74	(10,825.74)
Total Support Services	319,680.00	13,311.00	336,709.00	281,912.26	54,796.74
Total Expenditures	480,063.00	25,895.00	509,676.00	407,060.66	102,615.34
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0.00	3,718.00	0.00	(295.77)	(295.77)
Fund Balance - July 1				8,550.73	
Fund Balance, June 30				8,254.96	
Recapitulation:					
Restricted:					
Student Activities				8,254.96	
Total Fund Balance				8,254.96	

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

DEAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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

<u>Fund</u>	<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	5,638,854.97	406,764.89
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	214,251.00	.00
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(233,323.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>5,619,782.97</u>	<u>406,764.89</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	5,329,427.28	407,060.66
No Differences - budget to GAAP		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$5,329,427.28</u>	<u>407,060.66</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

DEAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Position Liability - PERS
Last Ten Fiscal Years
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0010320781%	0.0016189683%	0.0015885590%	0.0015660445%	0.0015597024%	0.0012385669%	0.0011834949%	0.0011394251%	0.0011037311%	0.0010355954%
District's proportionate share of the net pension liability (asset)	<u>\$ 155,755</u>	<u>\$ 191,791</u>	<u>\$ 259,052</u>	<u>\$ 282,177</u>	<u>\$ 307,098</u>	<u>\$ 288,319</u>	<u>\$ 350,517</u>	<u>\$ 255,778</u>	<u>\$ 206,649</u>	<u>\$ 197,923</u>
District's covered-employee payroll	\$110,264	\$106,344	\$93,118	\$109,367	\$112,203	\$109,117	\$107,424	\$85,819	\$77,964	\$77,408
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	142.74%	180.35%	278.20%	258.01%	273.70%	264.23%	326.29%	298.04%	265.06%	255.69%
Plan fiduciary net position as a percentage of the total pension liability (local)	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

DEAL SCHOOL DISTRICT
Schedule of District's Contribution - PERS
Last Ten Fiscal Years
(Unaudited)

Public Employees' Retirement System (PERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 13,015	\$ 18,960	\$17,378	\$ 15,233	\$ 15,514	\$ 11,474	\$ 10,601	\$ 9,796	\$ 7,803	\$ 9,862
Contribution in relation to the contractually required contribution	<u>(13,105)</u>	<u>(18,960)</u>	<u>(17,378)</u>	<u>(15,233)</u>	<u>(15,514)</u>	<u>(11,474)</u>	<u>(10,601)</u>	<u>(9,796)</u>	<u>(7,803)</u>	<u>(9,862)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$110,264	\$106,344	\$93,118	\$ 109,367	\$ 112,203	\$ 109,117	\$ 107,424	\$ 85,819	\$ 77,964	\$ 77,408
Contributions as a percentage of covered-employee payroll	11.80%	17.83%	18.66%	13.93%	13.83%	10.52%	9.87%	11.41%	10.01%	12.74%

DEAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal Years
(Unaudited)

Teachers' Pension and Annuity Fund (TPAF)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) *	N/A	N/A	N/A	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	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 7,317,003</u>	<u>\$ 6,808,258</u>	<u>\$ 9,371,344</u>	<u>\$ 8,066,499</u>	<u>\$ 8,600,441</u>	<u>\$ 8,575,071</u>	<u>\$11,332,233</u>	<u>\$ 7,493,747</u>	<u>\$ 5,947,996</u>	<u>\$ 5,453,103</u>
Total	<u>\$ 7,317,003</u>	<u>\$ 6,808,258</u>	<u>\$ 9,371,344</u>	<u>\$ 8,066,499</u>	<u>\$ 8,600,441</u>	<u>\$ 8,575,071</u>	<u>\$11,332,233</u>	<u>\$ 7,493,747</u>	<u>\$ 5,947,996</u>	<u>\$ 5,453,103</u>
District's covered-employee payroll	\$ 1,865,162	\$ 1,783,314	\$ 1,613,241	\$ 1,627,286	\$ 1,566,567	\$ 1,548,328	\$ 1,413,344	\$ 1,372,244	\$ 1,244,950	\$ 1,200,702
District's proportionate share 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	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	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.

DEAL SCHOOL DISTRICT
Schedule of Changes in District's Proportionate Share of State Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net OPEB liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$5,125,721</u>	<u>\$ 6,051,685</u>	<u>\$ 6,937,402</u>	<u>\$ 4,064,458</u>	<u>\$ 4,218,055</u>	<u>\$ 4,955,547</u>
Total	<u><u>\$5,125,721</u></u>	<u><u>\$ 6,051,685</u></u>	<u><u>\$ 6,937,402</u></u>	<u><u>\$ 4,064,458</u></u>	<u><u>\$ 4,218,055</u></u>	<u><u>\$ 4,955,547</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (local)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability						
Service Cost	\$373,175	\$414,507	\$232,692	\$190,867	\$210,233	\$254,297
Interest Cost	135,837	156,987	148,368	168,305	183,003	156,969
Changes of Benefit Terms	(6,441)	(6,441)	(6,441)	(6,441)	(6,441)	(6,441)
Differences Between Expected and Actual Experiences	70,280	(1,337,091)	1,341,772	(452,301)	(537,794)	(537,794)
Changes of Assumptions	(1,375,021)	5,970	1,267,225	60,601	(484,043)	(653,455)
Member Contributions	4,316	4,013	3,661	3,698	3,898	4,227
Gross Benefit Payments	<u>(134,551)</u>	<u>(123,662)</u>	<u>(120,774)</u>	<u>(124,767)</u>	<u>(112,789)</u>	<u>(114,781)</u>
Net Change in Total OPEB Liability	(925,964)	(885,717)	2,872,944	(153,597)	(737,492)	(352,743)
Total OPEB Liability - Beginning	<u>6,051,685</u>	<u>6,937,402</u>	<u>4,064,458</u>	<u>4,218,055</u>	<u>4,955,547</u>	<u>5,308,290</u>
Total OPEB Liability - Ending	<u><u>\$5,125,721</u></u>	<u><u>\$ 6,051,685</u></u>	<u><u>\$ 6,937,402</u></u>	<u><u>\$ 4,064,458</u></u>	<u><u>\$ 4,218,055</u></u>	<u><u>\$ 4,955,547</u></u>
District's Covered-Employee Payroll	\$1,975,426	\$ 1,889,658	\$ 1,706,359	\$ 1,736,653	\$ 1,678,770	\$ 1,657,445
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

** Note: OPEB is 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 plan. Since the District (employer) does not contribute directly to the plan there is no net OPEB liability to report in the financial statements of the District.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

DEAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) SCHEDULES
JUNE 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate changed was 7.00% as of June 30, 2021 and June 30, 2022.

Public Employees' Retirement System (PERS)

Pension Schedules:

Changes of benefit terms.

There were none.

Changes of assumptions.

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

Other Post-Employment Benefits

OPEB Schedules:

Changes of benefit terms.

Employers adopting Chapter 44 provisions.

Changes of assumptions.

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

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.

DEAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Every Child Succeeds Act (E.S.S.A.)			ARP- ESSER					SDA Emergent and Capital Maintenance Needs	Student Activity Fund	Total
	Title I, Part A	I.D.E.A. Part B Basic	I.D.E.A. Part B Preschool	ESSER	Accelerated Learning Coaching and Educator Support Grant	Evidence-Based Summer Learning and Enrichment Activities Grant	Evidence-Based Comprehensive Beyond the School Day Activities Grant	NJTSS Mental Health Support Staffing Grant			
REVENUES:											
Federal Sources	15,298.00	40,648.00	1,351.00	231,627.02	36,198.00	21,141.90	11,679.50	34,573.50	0.00	0.00	392,516.92
State Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,718.00	0.00	3,718.00
Local Sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,529.97	10,529.97
Total Revenues	15,298.00	40,648.00	1,351.00	231,627.02	36,198.00	21,141.90	11,679.50	34,573.50	3,718.00	10,529.97	406,764.89
EXPENDITURES:											
Instruction:											
Salaries of Teachers	14,210.00	0.00	0.00	0.00	0.00	15,470.00	7,467.50	30,000.00	0.00	0.00	67,147.50
Purchased Services	0.00	0.00	0.00	5,390.00	0.00	0.00	0.00	0.00	0.00	0.00	5,390.00
Instructional Supplies	1.00	0.00	0.00	42,089.88	5,884.12	685.90	3,950.00	0.00	0.00	0.00	52,610.90
Total Instruction	14,211.00	0.00	0.00	47,479.88	5,884.12	16,155.90	11,417.50	30,000.00	0.00	0.00	125,148.40
Support Services:											
Salaries	1,087.00	0.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	0.00	7,387.00
Employee Benefits					482.00	936.00	0.00	2,295.00			3,713.00
Professional Technical Services	0.00	40,648.00	0.00	119,759.76	22,510.88	4,050.00	262.00	1,660.82	0.00	0.00	188,891.46
Purchased Property Services	0.00	0.00	0.00	59,036.38	0.00	0.00	0.00	0.00	3,718.00	0.00	62,754.38
Other Purchased Services	0.00	0.00	1,351.00	0.00	451.00	0.00	0.00	0.00	0.00	0.00	1,802.00
Supplies and Materials	0.00	0.00	0.00	5,351.00	570.00	0.00	0.00	617.68	0.00	0.00	6,538.68
Student Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,825.74	10,825.74
Total Support Services	1,087.00	40,648.00	1,351.00	184,147.14	30,313.88	4,986.00	262.00	4,573.50	3,718.00	10,825.74	281,912.26
Total Expenditures	15,298.00	40,648.00	1,351.00	231,627.02	36,198.00	21,141.90	11,679.50	34,573.50	3,718.00	10,825.74	407,060.66
Excess (Deficiency) of Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(295.77)	(295.77)
Fund Balance - July 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,550.73	8,550.73
Fund Balance - June 30	\$ 0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,254.96	8,254.96

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LONG-TERM DEBT SCHEDULES

The Long-Term Debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district.

DEAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2023

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Lease</u>	<u>Amount Outstanding June 30, 2022</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2023</u>
(2) Sharp Copiers	6/17/21	5 Years	5.90%	19,340.00	15,913.39	.00	3,634.34	12,279.05
Pitney Bowes Postage Meter	7/05/22	5 Years	5.75%	8,606.25	.00	<u>8,606.25</u>	<u>1,525.74</u>	<u>7,080.51</u>
					<u>\$15,913.39</u>	<u>8,606.25</u>	<u>5,160.08</u>	<u>19,359.56</u>

STATISTICAL SECTION (Unaudited)

Deal School District
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,217,570	\$ 2,884,660	\$ 3,193,960	\$ 3,517,849	\$ 3,532,260	\$ 3,552,006	\$3,695,475	\$ 5,179,035	\$ 5,019,916	\$ 4,828,241
Restricted	237,487	276,091	453,074	814,469	887,486	1,513,674	1,513,674	297,848	299,581	688,677
Unrestricted	(84,279)	(85,374)	(115,838)	(343,780)	(183,079)	(352,758)	(523,049)	(508,986)	(164,490)	(235,969)
Total governmental activities net position	\$ 2,370,778	\$ 3,075,377	\$ 3,531,196	\$ 3,988,538	\$ 4,236,667	\$ 4,712,922	\$4,686,100	\$ 4,967,897	\$ 5,155,007	\$ 5,280,949
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	2,484	373	-	-	-	-
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ 2,484	\$ 373	\$ -	\$ -	\$ -	\$ -
District-wide										
Invested in capital assets, net of related debt	\$ 2,217,570	\$ 2,884,660	\$ 3,193,960	\$ 3,517,849	\$ 3,532,260	\$ 3,552,006	\$3,695,475	\$ 5,179,035	\$ 5,019,916	\$ 4,828,241
Restricted	237,487	276,091	453,074	814,469	887,486	1,513,674	1,513,674	297,848	299,581	688,677
Unrestricted	(84,279)	(85,374)	(115,838)	(343,780)	(180,595)	(352,385)	(523,049)	(508,986)	(164,490)	(235,969)
Total district net position	\$ 2,370,778	\$ 3,075,377	\$ 3,531,196	\$ 3,988,538	\$ 4,239,151	\$ 4,713,295	\$4,686,100	\$ 4,967,897	\$ 5,155,007	\$ 5,280,949

Deal School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,424,411	\$ 1,658,199	\$ 1,932,605	\$ 2,164,747	\$ 2,216,484	\$ 2,170,259	\$ 2,133,167	\$ 2,330,692	\$ 2,176,229	\$ 2,280,304
Special education	104,216	95,066	97,393	183,742	303,714	256,845	264,889	387,871	431,266	425,310
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	69,106	74,127	127,568	130,099	144,496	125,582	124,762	87,703	96,647	79,744
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	207,447	169,172	120,531	138,322	136,903	79,779	212,086	313,104	348,704	386,444
Student & instruction related services	512,074	675,996	708,004	730,244	811,465	796,381	756,984	808,649	783,543	977,439
General administration	217,551	89,447	99,200	106,206	93,595	286,729	304,813	343,754	297,016	312,731
School administrative and central services	147,911	338,505	429,925	470,307	465,302	244,830	239,139	275,796	256,213	241,478
Plant operations and maintenance	671,822	620,525	712,405	669,213	658,704	630,917	783,381	717,616	696,553	617,930
Administrative information technology	-	-	-	-	-	-	-	-	-	-
Pupil transportation	110,231	67,333	76,355	95,793	77,781	76,471	95,928	135,074	165,925	169,701
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	333	1,316
Unallocated depreciation	47,480	81,631	95,726	109,714	119,393	123,549	126,354	151,601	176,633	177,311
Total governmental activities expenses	3,512,249	3,870,001	4,399,712	4,798,387	5,027,837	4,791,342	5,041,503	5,551,860	5,429,062	5,669,708
Business-type activities:										
Food service	-	-	-	-	-	-	-	-	-	-
Aftercare Program	-	-	-	-	27,190	27,235	24,531	-	-	-
Total business-type activities expense	-	-	-	-	27,190	27,235	24,531	-	-	-
Total district expenses	3,512,249	3,870,001	4,399,712	4,798,387	5,055,027	4,818,577	5,066,034	5,551,860	5,429,062	5,669,708
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-	2,771	8,544	10,530
Operating grants and contributions	36,823	38,021	75,912	69,573	93,686	94,324	92,376	130,025	257,148	396,235
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	36,823	38,021	75,912	69,573	93,686	94,324	92,376	132,796	265,692	406,765

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Deal School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services										
Food service	-	-	-	-	-	-	-	-	-	-
Aftercare Program	-	-	-	-	29,674	18,730	8,982	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	-	-	-	-	29,674	18,730	8,982	-	-	-
Total district program revenues	\$ 36,823	\$ 38,021	\$ 75,912	\$ 69,573	\$ 123,360	\$ 113,054	\$ 101,358	\$ 132,796	\$ 265,692	\$ 406,765
Net (Expense)/Revenue										
Governmental activities	\$(3,475,426)	\$(3,831,980)	\$(4,323,800)	\$(4,728,814)	\$(4,934,151)	\$(4,697,018)	\$(4,949,127)	\$(5,419,064)	\$(5,163,370)	\$(5,262,943)
Business-type activities	-	-	-	-	2,484	(8,505)	(15,549)	-	-	-
Total district-wide net expense	\$(3,475,426)	\$(3,831,980)	\$(4,323,800)	\$(4,728,814)	\$(4,931,667)	\$(4,705,523)	\$(4,964,676)	\$(5,419,064)	\$(5,163,370)	\$(5,262,943)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,967,702	\$ 1,967,702	\$ 1,967,702	\$ 1,967,702	\$ 1,967,702	\$ 2,007,056	\$ 2,007,056	\$ 2,047,197	\$ 2,088,141	\$ 2,129,904
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	2,335,557	2,444,017	2,762,463	3,178,240	3,170,832	3,068,324	2,906,505	3,369,341	3,007,999	3,012,793
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Tuition received	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	26,371	80,884	49,453	40,215	43,746	104,286	23,920	206,113	254,340	246,489
Transfers	-	-	-	-	-	(6,393)	(15,176)	-	-	-
Total governmental activities program revenues	4,329,630	4,492,603	4,779,618	5,186,157	5,182,280	5,173,273	4,922,305	5,622,651	5,350,480	5,389,186
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	6,393	15,176	-	-	-
Fixed asset adjustment	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	6,393	15,176	-	-	-
Total district-wide revenues	\$ 4,329,630	\$ 4,492,603	\$ 4,779,618	\$ 5,186,157	\$ 5,182,280	\$ 5,179,666	\$ 4,937,481	\$ 5,622,651	\$ 5,350,480	\$ 5,389,186
Change in Net Position										
Governmental activities	\$ 854,204	\$ 660,623	\$ 455,818	\$ 457,343	\$ 248,129	\$ 476,255	\$ (26,822)	\$ 203,587	\$ 187,110	\$ 126,243
Business-type activities	-	-	-	-	2,484	(2,112)	(373)	-	-	-
Total district	\$ 854,204	\$ 660,623	\$ 455,818	\$ 457,343	\$ 250,613	\$ 474,143	\$ (27,195)	\$ 203,587	\$ 187,110	\$ 126,243

Deal School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	237,487	276,091	453,074	814,469	887,487	1,513,674	1,513,674	291,030	429,094	680,422
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	81,275	112,645	160,082	178,895	140,000	-	-	-	1,955	70,273
Unassigned	-	70,596	4,968	(197,580)	29,195	29,635	(123,827)	(99,964)	106,022	68,181
Total General fund	<u>\$ 318,762</u>	<u>\$ 459,332</u>	<u>\$ 618,124</u>	<u>\$ 795,784</u>	<u>\$ 1,056,682</u>	<u>\$ 1,543,309</u>	<u>\$ 1,389,847</u>	<u>\$ 191,066</u>	<u>\$ 537,071</u>	<u>\$ 818,876</u>
5 All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	6,819	8,551	8,255
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,819</u>	<u>\$ 8,551</u>	<u>\$ 8,255</u>

Deal School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Interest	-	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-	-	-
Transportation fees	-	-	-	-	-	-	-	-	-	-
Admissions	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Refund prior year's expenditures	-	-	-	-	-	-	-	-	-	-
Polling place rentals	-	-	-	-	-	-	-	-	-	-
Book fines	-	-	-	-	-	-	-	-	-	-
Miscellaneous	26,371	35,305	49,453	40,215	43,746	104,285	23,920	206,113	254,340	246,489
	<u>26,371</u>	<u>35,305</u>	<u>49,453</u>	<u>40,215</u>	<u>43,746</u>	<u>104,285</u>	<u>23,920</u>	<u>206,113</u>	<u>254,340</u>	<u>246,489</u>

Source: District Records

DEAL SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
	2014	83,120,900	1,715,030,600	0	0	24,296,500	0	3,623,500	1,826,071,500	0	743,492	1,826,814,992	0.108	1,791,702,365
	2015	81,671,300	1,859,758,100	0	0	24,378,600	0	3,222,900	1,969,030,900	0	774,719	1,969,805,619	0.108	2,079,230,095
RA	2016	92,816,800	1,876,035,600	0	0	22,591,200	0	3,128,200	1,994,571,800	0	776,055	1,995,347,855	0.099	2,086,507,982
	2017	99,040,300	1,996,600,500	0	0	22,723,000	0	3,215,600	2,121,579,400	0	776,200	2,122,355,600	0.093	2,211,236,367
	2018	102,726,600	2,026,921,200	0	0	19,534,600	0	3,669,100	2,152,851,500	0	778,315	2,153,629,815	0.093	2,171,428,258
	2019	139,645,800	2,165,782,800	0	0	18,427,900	0	3,772,100	2,327,628,600	0	780,287	2,328,408,887	0.086	2,644,851,161
	2020	148,517,000	2,293,688,300	0	0	22,861,500	0	3,773,800	2,468,840,600	0	848,462	2,469,689,062	0.083	2,847,043,626
	2021	146,721,700	2,588,900,700	0	0	27,746,400	0	5,941,900	2,769,310,700	0	858,830	2,770,169,530	0.075	2,904,963,200
	2022	173,394,100	2,997,154,800	0	0	28,973,200	0	6,420,900	3,205,943,000	0	1,020,518	3,206,963,518	0.066	3,240,935,883
RA	2023	208,569,200	4,046,938,000	0	0	32,765,800	0	8,017,300	4,296,290,300	0	0	4,296,290,300	0.051	3,901,772,175

Source: District records Tax list summary & Municipal Tax Assessor

RV: Revaluation
 RA: Reassessment

Deal School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Deal School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Deal	Monmouth County	
2014	0.108	0.000	0.108	0.306	0.300	0.714
2015	0.100	0.000	0.100	0.293	0.322	0.715
2016	0.099	0.000	0.099	0.292	0.308	0.699
2017	0.093	0.000	0.093	0.304	0.300	0.697
2018	0.093	0.000	0.093	0.304	0.297	0.694
2019	0.086	0.000	0.086	0.301	0.322	0.709
2020	0.083	0.000	0.083	0.309	0.322	0.714
2021	0.075	0.000	0.075	0.290	0.285	0.650
2022	0.066	0.000	0.066	0.251	0.259	0.576
2023	0.051	0.000	0.051	0.195	0.214	0.460

Source: District Records and Municipal Tax Collector

**Deal School District
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 38,868,300	1	0.90%	\$ 20,737,400	1	1.14%
Individual Taxpayer #2	26,279,300	2	0.61%	19,788,800	2	1.08%
Individual Taxpayer #3	25,745,400	3	0.60%	12,054,400	3	0.66%
Individual Taxpayer #4	23,464,700	4	0.55%	11,690,600	4	0.64%
Individual Taxpayer #5	23,413,300	5	0.54%	11,672,400	5	0.64%
Individual Taxpayer #6	21,716,300	6	0.51%	11,357,600	6	0.62%
Individual Taxpayer #7	21,392,700	7	0.50%	11,039,300	7	0.60%
Individual Taxpayer #8	20,535,800	8	0.48%	10,065,400	8	0.55%
Individual Taxpayer #9	20,410,400	9	0.48%	10,014,300	9	0.55%
Individual Taxpayer #10	20,410,400	10	0.48%	9,431,700	10	0.52%
Total	\$ 242,236,600		5.65%	\$ 127,851,900		7.00%

70

Source: Municipal Tax Assessor

Deal School District
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2014	1,967,702	1,967,702	100.00%	0
2015	1,967,702	1,967,702	100.00%	0
2016	1,967,702	1,967,702	100.00%	0
2017	1,967,702	1,967,702	100.00%	0
2018	1,967,702	1,967,702	100.00%	0
2019	2,007,056	2,007,056	100.00%	0
2020	2,007,056	2,007,056	100.00%	0
2021	2,047,197	2,047,197	100.00%	0
2022	2,088,141	2,088,141	100.00%	0
2023	2,129,904	2,129,904	100.00%	0

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

Deal School District
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Not Applicable

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General Bonded Debt Outstanding</u>				
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita</u>
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Deal School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Deal	0	100%	0
Other debt			
Monmouth County	485,746,546	0.02%	<u>10,723,341</u>
Subtotal, overlapping debt			10,723,341
Deal School District Debt			<u>0</u>
Total direct and overlapping debt			<u><u>\$10,723,341</u></u>

Deal School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited
 Not applicable

Legal Debt Margin Calculation for Fiscal Year 2023:

Equalized valuation basis	
2022	3,856,077,700
2021	3,205,962,839
2020	<u>2,845,925,764</u>
Average equalized valuation of taxable property	<u>\$3,302,655,434</u>
Debt limit (3 % of average equalization value)	99,079,663
Total net debt applicable to limit Legal debt margin	<u>\$ -</u> <u>\$ 99,079,663</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit										
Total net debt applicable to limit										
Legal debt margin										
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Deal School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	736	-	67,481	6.1%
2015	734	-	70,766	5.7%
2016	731	-	73,074	4.5%
2017	729	-	75,876	3.7%
2018	723	-	79,249	2.6%
2019	720	-	82,270	2.3%
2020	721	-	86,091	3.7%
2021	895	-	92,119	6.8%
2022	894	-	N/A	5.3%
2023	N/A	-	N/A	2.5%

Deal School District
Principal Employers
Current Year and Nine Years Ago
Unaudited

Not Available

<u>Employer</u>	<u>2023</u>			<u>2014</u>		<u>Percentage of Total Municipality Employment</u>
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipality Employment</u>	<u>Employees</u>	<u>Rank</u>	

Deal School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	12.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	18.0	18.0
Special education	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Student & instruction related services	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other administrative services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative information technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plant operations and maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other support services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	19.7	23.0	25.0	25.0	26.0	26.0	26.0	26.0	28.0	29.0

Source: District Personnel Records

Deal School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Daily Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Attendance (ADA) ^c
						Elementary	Middle School	Senior High School	
2014	156	3,415,039	\$ 21,891	4.89%	16.1	9.75:1			
2015	163	3,559,920	\$ 21,840	-0.23%	17.1	9.58:1			
2016	165	3,888,034	\$ 23,564	7.89%	17.1	9.58:1			
2017	167	3,880,800	\$ 23,238	-1.38%	17.1	10.6:1			
2018	171	4,225,479	\$ 24,710	6.33%	17.1	10.6:1			
2019	171	4,263,240	\$ 24,931	0.89%	17.1	10.6:1			
2020	174	4,970,812	\$ 28,568	14.59%	17.1	10.6:1			
2021	174	4,871,533	\$ 27,997	-2.00%	17.1	10.6:1			
2022	171	5,295,103	\$ 30,966	10.60%	16.8	9.5:1			
2023	171	5,736,339	\$ 33,546	8.33%	16.8	9.5:1			

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-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).

Deal School District
School Building Information
Last Ten Fiscal Years
Unaudited

<u>District Building</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary</u>										
Deal Elementary										
Square Feet	37,119	37,119	37,119	37,119	37,119	37,119	37,119	43,319	43,319	43,319
Capacity (students)	180	180	180	180	180	180	180	180	180	180
Enrollment	156	163	165	167	171	171	174	174	174	159

∞

Number of Schools at June 30, 2023
 Elementary = 1

Source: District records, ASSA

Deal School District
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years
Unaudited

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

<u>Fiscal Year Ended June 30,</u>	<u>Deal Elementary School</u>	<u>Total</u>
2014	87,383	87,383
2015	84,386	84,386
2016	88,128	88,128
2017	78,977	78,977
2018	85,051	85,051
2019	87,964	87,964
2020	95,640	95,640
2021	96,019	96,019
2022	72,923	72,923
2023	16,766	16,766

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

Source: District records

Deal School District
Insurance Schedule
Year Ended June 30, 2023
Unaudited

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Package Policy - MOCSSIF/NJSIG		
Property - Blanket Building & Business Personal Property	\$ 8,335,394	\$ 1,000
Blanket Extra Expense	\$ 50,000,000	\$ 1,000
Valuable Papers	\$ 10,000,000	\$ 1,000
Boiler & Machinery	\$ 100,000,000	\$ 1,000
Comprehensive General Liability	\$ 11,000,000	-
Employee Benefits Liability	\$ 11,000,000	\$ 1,000
Hired & Non-owned Automobile Liability	\$ 11,000,000	-
Environmental Impairment	\$ 1,000,000	\$ 10,000
Earthquake	\$ 50,000,000	\$ 1,000
Flood	\$ 75,000,000	\$ 10,000
Excess Liability - MOCSSIF/NJSIG	\$ 10,000,000	-
School Board Legal Liability - MOCSSIF/NJSIG	\$ 1,000,000	\$ 5,000
Workers Compensation - MOCSSIF/NJSIG	\$ 3,000,000	-
Student Accident - Peoples Benefit/Bollinger	\$ 1,000,000	-
Employee Dishonesty - MOCSSIF/NJSIG	\$ 100,000	\$ 1,000
Donato Saponaro, Jr., Board Superintendent - Selective	\$ 100,000	-
Theresa Davis - Treasurer - Selective	\$ 175,000	-
Pia Lordi - Business Administrator/Board Secretary - Selective	\$ 118,000	-

Source: District Records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

INDEPENDENT AUDITOR'S 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

The Honorable President and Members
of the Board of Education
Deal School District
County of Monmouth
Deal, New Jersey

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance report 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 result of that testing, and for New Jersey Department of Education use, not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

October 30, 2023
Neptune, New Jersey

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

The Honorable President and Members
of the Board of Education
Deal School District
County of Monmouth
Deal, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of the Deal School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and New Jersey *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

October 30, 2023
Neptune, New Jersey

DEAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023			Memo
					From	To	Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Education																		
Passed-through State Department of Education																		
Special Revenue Fund:																		
Special Education Cluster																		
LD.E.A. Part B, Basic Regular	84.027A	H027A220100	IDEA 1000-23	40,648.00	07/01/22	09/30/23					40,648.00	(40,648.00)						*
LD.E.A. Part B, Preschool	84.173A	H173A220114	IDEA 1000-23	1,351.00	07/01/22	09/30/23					1,351.00	(1,351.00)						*
Total Special Education Cluster											41,999.00	(41,999.00)						*
Elementary and Secondary Education Act																		
Title I, Part A	84.010	S010A220030	ESEA 1000-23	15,298.00	07/01/22	09/30/23					15,298.00	(15,298.00)						*
Total Elementary and Secondary Education Act											15,298.00	(15,298.00)						*
American Rescue Plan - ESSER																		
ESSER	84.425U	S425U210027	N/A	268,661.00	03/13/20	09/30/24					231,626.00	(231,627.02)			(37,035.00)	37,033.98		* 1.02
Accelerated Learning Coaching and Educator Grant	84.425U	S425U210027	N/A	50,000.00	05/13/20	09/30/24					36,198.00	(36,198.00)			(13,802.00)	13,802.00		*
Evidence-Based Summer Learning and Enrichment Activities Grant	84.425U	S425U210027	N/A	40,000.00	05/13/20	09/30/24					21,142.00	(21,141.90)			(18,858.00)	18,858.10		*
Evidence-Based Comprehensive Beyond the School Day Activities Grant	84.425U	S425U210027	N/A	40,000.00	03/13/20	09/30/24					10,600.00	(11,679.50)			(29,400.00)	28,320.50		* 1,079.50
NTSS Mental Health Support Staffing Grant	84.425U	S425U210027	N/A	45,000.00	03/13/20	09/30/24					34,573.00	(34,573.50)			(10,427.00)	10,426.50		* 0.50
Total American Rescue Plan - ESSER											334,139.00	(335,219.92)			(109,522.00)	108,441.08		* 1,081.02
Total Special Revenue Fund											391,436.00	(392,516.92)			(109,522.00)	108,441.08		* 1,081.02
Total Federal Financial Awards											\$391,436.00	(\$392,516.92)			(\$109,522.00)	\$108,441.08		* 1,081.02

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(Note: Single Audit is not Required)

DEAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022				Adjustments/ Repayment/ of Prior Years' Balances	Balance at June 30, 2023			MEMO		
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid - Public Cluster															
School Choice Aid	23-495-034-5120-068	2,101,670.00	07/01/22	06/30/23				2,101,670.00	(2,101,670.00)				*	210,154.03	2,101,670.00
Security Aid	23-495-034-5120-084	19,290.00	07/01/22	06/30/23				19,290.00	(19,290.00)				*	1,928.88	19,290.00
Special Education Categorical Aid	23-495-034-5120-089	181,368.00	07/01/22	06/30/23				181,368.00	(181,368.00)				*	18,135.68	181,368.00
Total State Aid - Public Cluster								2,302,328.00	(2,302,328.00)				*	230,218.59	2,302,328.00
Transportation Aid	23-100-034-5120-014	31,046.00	07/01/22	06/30/23				31,046.00	(31,046.00)				*	3,104.41	31,046.00
Extraordinary Aid	23-495-034-5120-044	37,763.00	07/01/22	06/30/23					(37,763.00)				*		37,763.00
Extraordinary Aid	22-495-034-5120-044	42,027.00	07/01/21	06/30/22	(42,027.00)			42,027.00					*		
Reimbursed Nonpublic School Transportation Costs	23-100-034-5120-014	13,741.00	07/01/22	06/30/23					(13,741.00)				*		13,741.00
Reimbursed Nonpublic School Transportation Costs	22-100-034-5120-014	12,489.00	07/01/21	06/30/22	(12,489.00)			12,489.00					*		
Maintenance of Equity State Aid	22-495-034-5120-128	10,757.00	07/01/21	06/30/22	(10,757.00)			10,757.00					*		
On Behalf TPAF Pension Contributions	23-495-034-5094-002	588,262.00	07/01/22	06/30/23				588,262.00	(588,262.00)				*		588,262.00
On Behalf TPAF Post Retirement Medical Contr.	23-495-034-5094-001	154,535.00	07/01/22	06/30/23				154,535.00	(154,535.00)				*		154,535.00
On Behalf TPAF LTD Insurance Contributions	23-495-034-5094-004	320.00	07/01/22	06/30/23				320.00	(320.00)				*		320.00
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	134,466.94	07/01/22	06/30/23				134,466.94	(134,466.94)				*		134,466.94
Total General Fund					(65,273.00)			3,276,230.94	-3,262,461.94				*	233,323.00	3,262,461.94
Special Revenue Fund:															
SDA - Emergent and Capital Maintenance Needs	25-1000	\$3,718.00	07/01/22	06/30/23				3,718.00	(3,718.00)				*		3,718.00
Total Special Revenue Fund								3,718.00	(3,718.00)				*		3,718.00
Total State Financial Assistance Subject to Single Audit					(\$65,273.00)			\$3,279,948.94	(\$3,266,179.94)				*	\$233,323.00	\$3,266,179.94
Less:															
On Behalf Assistance Not Included in State Single Audit - Major Program Determination															
On Behalf TPAF Pension Contributions	23-495-034-5094-002	588,262.00	07/01/22	06/30/23					588,262.00						
On Behalf TPAF Post Retirement Medical Contr.	23-495-034-5094-001	154,535.00	07/01/22	06/30/23					154,535.00						
On Behalf TPAF LTD Insurance Contributions	23-495-034-5094-004	320.00	07/01/22	06/30/23					320.00						
Total State Financial Assistance Subject to State Single Audit - Major Program Determination									(\$2,523,062.94)						

DEAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Deal School District. The Board of Education is defined in Note 1 to the Board basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and 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 food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 (\$19,702.00) for the general fund and \$.00 for the special revenue fund. See Note A to required supplementary information 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	3,243,389.94	3,243,389.94
Special Revenue Fund	392,516.92	3,718.00	396,234.92
Food Service Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Awards & Financial Assistance	<u>\$392,516.92</u>	<u>3,247,107.94</u>	<u>3,639,624.86</u>

DEAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The amount reported as TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

NOTE 6. ON-BEHALF PROGRAMS - STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension, Post-Retirement Medical and LTD Insurance Contributions payments are included in the calculation for expenditures subject to State single audit determination but are excluded from the calculation for State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of state financial assistance reported in the District's basic financial statements and the amount subject to State single audit major program determination.

NOTE 7. DE MINIMUS INDIRECT COST RATE

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

DEAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

1) Material weakness identified? N/A yes N/A no

2) Significant deficiencies identified? N/A yes N/A none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? N/A yes N/A no

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ <u> N/A </u> _____	_____ <u> N/A </u> _____	_____ <u> N/A </u> _____

Dollar threshold used to distinguish between type A and type B programs: [518] \$ N/A

Auditee qualified as low-risk auditee? N/A yes N/A no

DEAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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 NJOMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State/Grant Project Number(s)</u>	<u>Name of State Program</u>
<u>23-495-034-5120-068</u>	<u>State Aid Public Cluster</u>
<u>23-495-034-5120-084</u>	<u>School Choice Aid</u>
<u>23-495-034-5120-089</u>	<u>Security Aid</u>
	<u>Special Education Categorical Aid</u>

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards

N/A

State Financial Assistance

None

DEAL SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2023

Financial Statement Findings

No prior year findings.

Federal Awards

N/A - No prior year Federal Single Audit.

State Financial Assistance

No prior year findings.