

SCHOOL DISTRICT
OF
DUNELLEN BOROUGH

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

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

Annual Comprehensive

Financial Report

of the

Dunellen School District

Board of Education

Dunellen, New Jersey

For the Fiscal Year Ending June 30, 2023

Prepared by

Dunellen School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section



DUNELLEN PUBLIC SCHOOLS

Business Office

Rich Pepe, *School Business Administrator / Board Secretary*

400 High St., Dunellen, NJ 08812

Phone: (732) 400-5900 / Fax: (732) 968-3513

January 12, 2024

Ardito & Company LLC
1110 Harrison Street
Suite C
Frenchtown, New Jersey 08825

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

Dear Board Members:

The annual comprehensive financial report of the Dunellen School 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 Dunellen Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit.

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information.
- The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is subject to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget "Uniform Guidance," "Audits of States, Local Governments and Nonprofit Organizations," and New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, findings and questioned costs are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

Dunellen School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Dunellen Board of Education and all of its schools constitute the



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District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular education and special education for handicapped students from preschool disabled through grade 12.

2. ECONOMIC CONDITION AND OUTLOOK

Although the Borough of Dunellen was relatively stable for a number of years, the COVID 19 pandemic impacted employment locally as it did the state and country. Many families were hit hard financially and emotionally by this pandemic. Dunellen continues to focus on increasing the taxable value of property in the Borough, as the recent property revaluation has been challenging economically to most families.

3. MAJOR INITIATIVES

The District financial budget includes and supports the maintenance of our three school buildings, upgrades and maintenance of all district technology, new and revised curriculum, and professional development opportunities for all staff. Capital projects have consumed a significant amount of the district's available resources with a focus on safety and security on both campuses. The approved Facilities Enhancement Projects from 2019, which were partially funded by Debt Service Aid, are in progress or completed and have resulted in increased classroom space, upgraded facilities, and enhanced instructional opportunities.

The District continues to support extended day and extended year programs using federal funds. These programs include instruction in STEAM, English and Math Enrichment, and Visual and Performing Arts courses. Additional programming is planned to meet the needs of all students.

4. INTERNAL ACCOUNTING CONTROLS

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

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

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



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5. BUDGETARY CONTROLS

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

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

6. ACCOUNTING SYSTEM AND REPORTS

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

7. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey Schools Insurance Group oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

9. INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB "Uniform Guidance" and New Jersey's OMB Circular 15-08. The auditor's report on the basic financial statements and combining and



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individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit and Government Auditing Standards are included in the single audit section of this report.

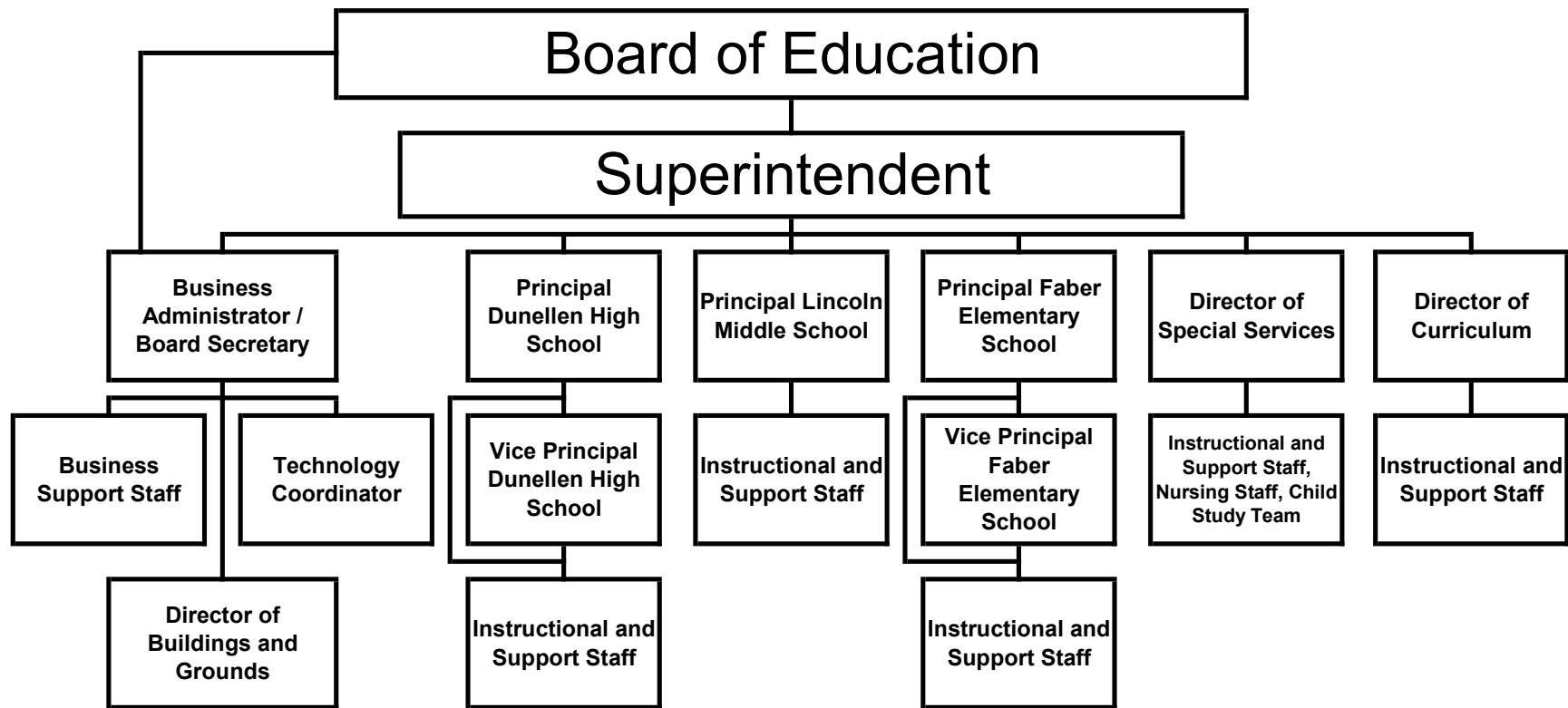
10. ACKNOWLEDGEMENTS

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

Respectfully submitted,

Richard Pepe
School Business Administrator / Board Secretary

Daniel J. Ross, Esq.
Superintendent of Schools



DUNELLEN SCHOOL DISTRICT

BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Isaisa Noel Gendrano III, <i>President</i>	2025
Lisa Howard, <i>Vice-President</i>	2025
Dave Walker	2025
Jason Anderson	2023
Elyse Schoepp	2023
Shronda Schimpf	2023
Michael Duggan	2024
Gerard Trotta	2023
Guadalupe Condit	2023

Other Officials

Mr. Daniel J. Ross, Esq., Superintendent

Mr. Rich Pepe, Business Administrator/ Board Secretary

Joseph L. Roselle, Esq., Board Attorney

DUNELLEN SCHOOL DISTRICT

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Joseph L. Roselle, Esquire
Schenck, Price, Smith, & King
220 Park Avenue, PO Box 991
Florham Park, NJ 07932

OFFICIAL DEPOSITORY

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

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Frenchtown, New Jersey 08825-1192
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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dunellen School District Board of Education, as of and for the year ended June 30, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dunellen School District Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. 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 Dunellen School District Board of Education, 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 these 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.

-Continued-

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 and ***Government Auditing Standards*** 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 and ***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 pension and post-employment benefit trend information as noted 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dunellen School District Board of Education's basic financial statements. The combining and individual non-major fund

-Continued-

financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 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, long-term debt schedules, and the schedule of expenditures of federal awards and 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 January 12, 2024, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024

Required Supplementary Information - Part I

Management's Discussion and Analysis

DUNELLEN SCHOOL DISTRICT

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

The discussion and analysis of Dunellen School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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:

- ◆ In total, Net Position increased \$4,093,072 which represents a 19.5% increase from 2022.
- ◆ General revenues accounted for \$13,450,020 in revenue or 40.7% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$19,595,392 or 59.3% of total revenues of \$33,045,412.
- ◆ Total assets of governmental activities increased by \$1,746,904, as cash and cash equivalents decreased by \$2,627,267, receivables decreased by \$516,508, and capital assets increased by \$4,550,801.
- ◆ The School District had \$28,952,340 in expenses; only \$19,595,392 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,450,020 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$30,023,867 in revenues and \$25,963,016 in expenditures. The General Fund's surplus balance decreased \$224,331 over 2022, which compares favorably to the budgeted decrease of \$1,696,261.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

DUNELLEN SCHOOL DISTRICT

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

DUNELLEN SCHOOL DISTRICT

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

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District’s Net Position for 2023 compared to 2022.

**Table 1
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 21,120,750	\$ 23,924,647
Capital Assets	<u>37,412,742</u>	<u>32,861,941</u>
Total Assets	<u>58,533,492</u>	<u>56,786,588</u>
Deferred Outflows of Resources	<u>893,858</u>	<u>827,475</u>
Liabilities		
Long-Term Liabilities	29,898,168	31,022,821
Other Liabilities	<u>3,758,526</u>	<u>3,706,836</u>
Total Liabilities	<u>33,656,694</u>	<u>34,729,657</u>
Deferred Inflows of Resources	<u>738,301</u>	<u>1,945,123</u>
Net Position		
Invested in Capital Assets, Net of Debt	11,827,742	5,341,941
Restricted	10,865,005	14,418,931
Unrestricted	<u>2,339,608</u>	<u>1,178,411</u>
Total Net Position	<u>\$ 25,032,355</u>	<u>\$ 20,939,283</u>

DUNELLEN SCHOOL DISTRICT

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

Total assets of governmental activities increased by \$1,746,904, as cash and cash equivalents decreased by \$2,627,267, receivables decreased by \$516,508, and capital assets increased by \$4,550,801.

The cash decrease was due to continued capital projects spending on the Faber classroom and referendum projects less cost savings in the operating budget. The receivable decrease was due to COVID-19 grants that were spent in the prior year, but collected in the current year. The increase in capital assets was due to capital spending on the referendum project, net of depreciation expense for the year.

Table 2 shows the changes in Net Position from fiscal year 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 886,187	\$ 627,647
Operating Grants and Contributions	18,709,205	18,717,329
General Revenues:		
Property Taxes	13,362,701	13,233,744
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	32,261	35,425
Other	55,058	30,260
Total Revenues	<u>33,045,412</u>	<u>32,644,405</u>
Program Expenses		
Instruction	15,988,269	15,654,610
Support Services:		
Tuition	950,592	912,708
Pupils and Instructional Staff	4,066,579	3,960,122
General Administration, School Administration, Business	3,175,404	3,122,173
Operations and Maintenance of Facilities	2,353,875	2,239,981
Pupil Transportation	769,520	497,362
Business-Type Activities	970,322	1,042,295
Interest and Fiscal Charges	677,779	744,507
Total Expenses	<u>28,952,340</u>	<u>28,173,758</u>
Increase in Net Position	<u>\$ 4,093,072</u>	<u>\$ 4,470,647</u>

DUNELLEN SCHOOL DISTRICT

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 40.4% percent of revenues for governmental activities for the Dunellen School District for the fiscal year 2023.

Instruction comprises 55.2% of district expenses. Support services expenses make up 39.1% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 15,988,269	\$ 4,557,687	15,654,610	\$4,679,086
Support Services:				
Tuition	950,592	950,592	912,708	912,708
Pupils and Instructional Staff	4,066,579	1,211,933	3,960,122	1,002,395
General Admin., School Admin., Business	3,175,404	869,181	3,122,173	885,247
Operation and Maintenance of Facilities	2,353,875	1,482,993	2,239,981	1,395,268
Pupil Transportation	769,520	769,520	497,362	497,362
Business-Type Activities	970,322	(300,919)	1,042,295	(265,049)
Interest and Fiscal Charges	<u>677,779</u>	<u>(184,039)</u>	<u>744,507</u>	<u>(278,235)</u>
Total Expenses	<u>\$ 28,952,340</u>	<u>\$ 9,356,948</u>	<u>\$ 28,173,758</u>	<u>\$ 8,828,782</u>

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

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

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

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

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

DUNELLEN SCHOOL DISTRICT

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

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

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

The dependence upon tax revenues is apparent. Over 28.5% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 46.7%. The community, as a whole, is a major support for the Dunellen School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$32,967,190 and expenditures of \$36,153,694. The General Fund's surplus balance decreased \$224,331 over 2022, which compares favorably to the budgeted decrease of \$1,696,261.

General Fund Budgeting Highlights

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

During the course of the fiscal 2023 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$25,786,915, \$282,915 over original budgeted estimates of \$25,504,000. This difference was due primarily to extraordinary aid and non-budgeted miscellaneous revenues.

General fund revenues fell short of expenditures by \$62,121. Again this deficit compares to a budgeted deficit of \$1,696,261, which was due to the use of surplus needed to balance the 2023 budget.

The budgeted deficit was significantly reduced due to unspent line items in the operating budget related to instruction, support, maintenance, and benefits.

Overall general fund balance (budget basis) was \$5,215,488, and amounts ear-marked and reserved for future purposes were \$4,468,453, creating a surplus in unreserved fund balance of \$747,035. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

DUNELLEN SCHOOL DISTRICT

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

Capital Assets

At the end of the fiscal year 2023, the School District had \$37,355,228 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land Improvements	97,445	127,033
Buildings and Improvements	37,206,170	32,507,173
Machinery and Equipment	<u>51,613</u>	<u>157,971</u>
Totals	<u>\$ 37,355,228</u>	<u>\$ 32,792,177</u>

Overall capital assets increased \$4,563,051 from fiscal year 2022 to fiscal year 2023. The increase in capital assets was due to continued spending on the Faber classroom and referendum projects, net of depreciation expense.

Capital improvements of \$6,282,786 were purchased during fiscal year 2023, which was related to the Faber classroom and referendum capital projects.

Debt Administration

At June 30, 2023, the School District had \$26,225,766 as outstanding long term debt. Of this amount, \$640,766 is for compensated absences and \$25,585,000 is for bonds payable outstanding.

At June 30, 2023, the School District's overall legal debt margin was \$30,135,009 and the unvoted debt margin was \$4,550,009.

DUNELLEN SCHOOL DISTRICT

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

For the Future

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

DUNELLEN SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 17,249,292	\$ 736,911	\$ 17,986,203
Receivables from Other Governments	2,742,301	13,814	2,756,115
Other Receivables	12,570	2,706	15,276
Interfund Receivables	14,505	328,242	342,747
Other Assets			
Inventory		20,409	20,409
Capital Assets, Net (Note 7):	37,355,228	57,514	37,412,742
Total Assets	57,373,896	1,159,596	58,533,492
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	893,858		893,858
LIABILITIES			
Accounts Payable	795,102		795,102
Payroll Deductions and Withholdings	507,095		507,095
Interfund Payable	251,742	91,005	342,747
Unearned Revenue	1,858,895	13,779	1,872,674
Accrued Interest	240,908		240,908
Net Pension Liability (Note 9)	3,672,402		3,672,402
Noncurrent Liabilities (Note 8):			
Due Within One Year	2,000,000		2,000,000
Due Beyond One Year	24,225,766		24,225,766
Total Liabilities	33,551,910	104,784	33,656,694
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	738,301		738,301
Net Position			
Invested in Capital Assets, Net of Related Debt	11,770,228	57,514	11,827,742
Restricted for:			
Other Purposes	10,865,005		10,865,005
Unrestricted	1,342,310	997,298	2,339,608
Total Net Position	\$ 23,977,543	\$ 1,054,812	\$ 25,032,355

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

DUNELLEN SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	OPERATING		CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
Governmental Activities:							
Instruction:							
Regular	\$ 12,199,345	\$ 2,551	\$ 9,025,043		\$ (3,171,751)		\$ (3,171,751)
Special Education	2,891,181	752	2,402,236		(488,193)		(488,193)
Other Special Instruction	897,743				(897,743)		(897,743)
Support Services:							
Tuition	950,592				(950,592)		(950,592)
Student & Instruction Related Services	4,066,579	162,135	2,692,511		(1,211,933)		(1,211,933)
School Administrative Services	1,567,440	434	1,386,525		(180,481)		(180,481)
General and Business Admin. Services	1,607,964	288	918,976		(688,700)		(688,700)
Plant Operations and Maintenance	2,353,875	273	870,609		(1,482,993)		(1,482,993)
Pupil Transportation	769,520		-		(769,520)		(769,520)
Interest and Fiscal Charges	677,779		861,818		184,039		184,039
Total Governmental Activities	27,982,018	166,433	18,157,718		(9,657,867)		(9,657,867)
Business-Type Activities:							
Food Service	694,950	272,826	551,487			\$ 129,363	129,363
Preschool Program	175,883	283,058				107,175	107,175
After Care	99,489	163,870	-			64,381	64,381
Chrome Program	-	-				-	-
Total Business-Type Activities	970,322	719,754	551,487	-	-	300,919	300,919
Total Primary Government	\$ 28,952,340	\$ 886,187	\$ 18,709,205		\$ (9,657,867)	\$ 300,919	\$ (9,356,948)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 12,630,903		\$ 12,630,903
Taxes Levied for Debt Service					731,798		731,798
Investment Earnings					32,261		32,261
Miscellaneous Income					55,058	\$ -	55,058
Total General Revenues, Special Items, Extraordinary Items and Transfers					13,450,020		13,450,020
Change in Net Position					3,792,153	300,919	4,093,072
Net Position—Beginning					20,185,390	753,893	20,939,283
Prior Period Adjustments							
Net Position—Beginning (Restated)					20,185,390	753,893	20,939,283
Net Position—Ending					\$ 23,977,543	\$ 1,054,812	\$ 25,032,355

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 7,859,403	\$ 214,983	\$ 9,174,906		\$ 17,249,292
Receivables from Other Governments	297,689	2,444,612			2,742,301
Other Accounts Receivable	12,570				12,570
Interfund Receivables	1,546,881	3,575	\$ 3,309,875	\$ 975,307	5,835,638
TOTAL ASSETS	\$ 9,716,543	\$ 2,663,170	\$ 12,484,781	\$ 975,307	\$ 25,839,801
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 727,756	\$ 32,223	\$ 35,123		\$ 795,102
Payroll Deductions and Withholdings Payable	507,095				507,095
Interfund Payables	4,540,499	557,069		\$ 975,307	6,072,875
Deferred Revenue		1,858,895			1,858,895
Total Liabilities	5,775,350	2,448,187	35,123	975,307	9,233,967
Fund Balances:					
<u>Restricted for:</u>					
Excess Surplus	1,554,959				1,554,959
Excess Surplus-Desig. Subs. Yr.	756,383				756,383
Capital Reserve	1,845,239				1,845,239
Unemployment Compensation	40,145				40,145
Student Activities		214,983			214,983
<u>Assigned to:</u>					
Year-End Encumbrances	271,727		\$ 5,996,362		6,268,089
Capital Projects Fund			6,453,296		6,453,296
<u>Unassigned:</u>					
General Fund	(527,260)				(527,260)
Total Fund Balances	3,941,193	214,983	12,449,658	-	16,605,834
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,716,543	\$ 2,663,170	\$ 12,484,781	\$ 975,307	\$ 25,839,801

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$51,400,304 and the accumulated depreciation is \$14,045,076.	\$ 37,355,228
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	893,858
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(738,301)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(3,672,402)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(240,908)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(26,225,766)
Net Position of governmental activities	\$ 23,977,543

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

DUNELLEN SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 12,630,903			\$ 731,798	\$ 13,362,701
Tuition	5,050				5,050
Miscellaneous	72,508	\$ 176,194			248,702
Total - Local Sources	12,708,461	176,194	-	731,798	13,616,453
State Sources	17,304,558	6,660		861,818	18,173,036
Federal Sources	10,848	1,166,853			1,177,701
Total Revenues	30,023,867	1,349,707	-	1,593,616	32,967,190
EXPENDITURES					
Current:					
Regular Instruction	5,980,176	1,048,692			7,028,868
Special Education Instruction	1,870,492				1,870,492
Other Special Instruction	897,743				897,743
Support services and undistributed costs:					
Tuition	950,592				950,592
Student and Instruction Related Services	2,755,615	290,275			3,045,890
School Administrative Services	970,117				970,117
Other Administrative Services	1,217,499				1,217,499
Plant Operations and Maintenance	1,861,782				1,861,782
Pupil Transportation	769,520				769,520
Unallocated Benefits	8,506,139				8,506,139
Transfer to Charter School	-				-
Debt Service:					
Principal				1,935,000	1,935,000
Interest and Other Charges				633,925	633,925
Capital Outlay	183,341		\$ 6,282,786		6,466,127
Total Expenditures	25,963,016	1,338,967	6,282,786	2,568,925	36,153,694
Excess (Deficiency) of Revenues Over Expenditures	4,060,851	10,740	(6,282,786)	(975,309)	(3,186,504)
OTHER FINANCING SOURCES (USES)					
Transfers to Debt Service Fund	(975,307)			975,307	-
Transfers to Capital Projects Fund	(3,309,875)		3,309,875		-
Total other financing sources and uses	(4,285,182)	-	3,309,875	975,307	-
Net Change in Fund Balances	(224,331)	10,740	(2,972,911)	(2)	(3,186,504)
Fund Balance—July 1	4,165,524	204,243	15,422,569	2	19,792,338
Prior Period Adjustment	-	-			-
Fund Balance—July 1 (Restated)	4,165,524	204,243	15,422,569	2	19,792,338
Fund Balance—June 30	\$ 3,941,193	\$ 214,983	\$ 12,449,658	-	\$ 16,605,834

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (3,186,504)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation Expense	\$ (1,719,735)	
	Capital Outlays	<u>6,282,786</u>	4,563,051

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

357,587

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

1,935,000

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

105,271

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

17,748

Change in Net Position of Governmental Activities

\$ 3,792,153

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

**STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS**

June 30, 2023

**Business-Type Activities-
Enterprise Funds**

	<u>Food Service</u>	<u>Preschool Program</u>	<u>After Care</u>	<u>Chrome Program</u>	<u>Totals</u>
ASSETS					
Current assets:					
Cash and Cash Equivalents	\$ 551,719	\$ (185,554)	\$ 362,330	\$ 8,416	\$ 736,911
Federal and State Accounts Receivable	13,814				13,814
Other Accounts Receivable	-		2,706		2,706
Interfund Receivable	26,201	302,041			328,242
Inventories	20,409				20,409
Total Current Assets	612,143	116,487	365,036	8,416	1,102,082
Noncurrent Assets:					
Furniture, Machinery and Equipment	256,579				256,579
Less Accumulated Depreciation	(199,065)				(199,065)
Total Noncurrent Assets	57,514				57,514
Total Assets	669,657	116,487	365,036	8,416	1,159,596
LIABILITIES					
Current liabilities:					
Interfund Payable			91,005		91,005
Deferred Revenue	13,643				13,643
Prepaid Fees	136				136
Total Current Liabilities	13,779		91,005		104,784
Total Liabilities	13,779		91,005		104,784
Net Position					
Invested in Capital Assets Net of Related Debt	57,514				57,514
Unrestricted	598,364	116,487	274,031	8,416	997,298
Total Net Position	\$ 655,878	\$ 116,487	\$ 274,031	\$ 8,416	\$ 1,054,812

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-				Total
	Enterprise Fund				
	<u>Food</u>	<u>Preschool</u>	<u>After</u>	<u>Chrome</u>	<u>Enterprise</u>
	<u>Service</u>	<u>Program</u>	<u>Care</u>	<u>Program</u>	
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 158,879				\$ 158,879
Daily Sales - Non-Reimb.Programs	113,947				113,947
Miscellaneous	-	\$ 283,058	\$ 163,870		446,928
Total Operating Revenues	272,826	283,058	163,870		719,754
Operating Expenses:					
Cost of Sales - Reimbursable Programs	257,730				257,730
Cost of Sales - Non-reimbursable Programs	15,135				15,135
Salaries	227,722	172,106	74,926		474,754
Employee Benefits	74,923				74,923
Supplies	51,726	3,777	24,563		80,066
Other Purchased Professional Services	20,000				20,000
Miscellaneous	35,464				35,464
Depreciation	12,250				12,250
Total Operating Expenses	694,950	175,883	99,489		970,322
Operating Income (Loss)	(422,124)	107,175	64,381		(250,568)
Nonoperating Revenues (Expenses):					
State Sources:					
State School Lunch Program	14,603				14,603
Federal Sources:					
National School Lunch Program	372,914				372,914
School Breakfast Program	40,349				40,349
Supply Chain Assistance	69,160				69,160
Food Distribution Program	54,461				54,461
Total Nonoperating Revenues (Expenses)	551,487				551,487
Income (Loss) Before Contributions and Transfers	129,363	107,175	64,381		300,919
Transfers In (Out)	-	-	-	-	-
Change in Net Position	129,363	107,175	64,381		300,919
Total Net Position—Beginning	526,515	9,312	209,650	8,416	753,893
Total Net Position—Ending	\$ 655,878	\$ 116,487	\$ 274,031	\$ 8,416	\$ 1,054,812

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	Business-Type Activities- Enterprise Funds				
	Food Service	Preschool Program	After Care	Chrome Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 272,826	\$ 6,558	\$ 240,370		\$ 519,754
Payments to Employees	(227,722)	(197,647)	(74,926)		(500,295)
Payments for Employee Benefits	(74,923)				(74,923)
Payments to Suppliers	(326,243)	(3,777)	(24,563)		(354,583)
Net Cash Provided by (used for) Operating Activities	(356,062)	(194,866)	140,881	-	(410,047)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	15,536				15,536
Federal Sources	535,759				535,759
Operating Subsidy Transfers from Other Funds	(26,201)				(26,201)
Net Cash Provided by (used for) Non-Capital Financing Activities	525,094	-	-	-	525,094
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Payments for Capital Assets	-	-	-	-	-
Net Cash Provided by (used for) Capital Financing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	169,032	(194,866)	140,881		115,047
Balances—Beginning of Year	382,687	9,312	221,449	\$ 8,416	621,864
Balances—End of Year	\$ 551,719	(185,554)	362,330	\$ 8,416	\$ 736,911
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:					
Operating Income (Loss)	\$ (422,124)	\$ 107,175	\$ 64,381	-	\$ (250,568)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation	12,250				12,250
Federal Commodities	54,461				54,461
(Increase) Decrease in Receivables		(302,041)			(302,041)
(Increase) Decrease in Inventories	(11,636)				(11,636)
Increase (Decrease) in Payables	10,987		76,500		87,487
Total Adjustments	66,062	(302,041)	76,500		(159,479)
Net Cash Provided by (used for) Operating Activities	\$ (356,062)	\$ (194,866)	\$ 140,881	-	\$ (410,047)

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

Notes to Financial Statements

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, GASB 84, Fiduciary Activities, GASB 87, Leases, GASB 96, Subscriptions and GASB 98, Annual Comprehensive Financial Report. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

A. Reporting Entity:

The Dunellen School District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Dunellen School District had an approximate enrollment at June 30, 2023, of 1,311 students.

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

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

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

PROPRIETARY FUNDS

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

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

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

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

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

Governmental Fund Financial Statements : Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701).

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control (Continued):

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

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

D. Encumbrance Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

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

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes that were received as of June 30, 2023, but which were levied to finance subsequent fiscal years operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Fund Balance Reserves:

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the district would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Checking	\$17,986,203
	<u>\$17,986,203</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$17,986,203 and the bank balance was \$19,253,139. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$19,003,139 was covered by collateral pool.

NOTE 3: RECEIVABLES

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

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 333,933	\$ 334,389
Federal Aid	<u>2,408,368</u>	<u>2,421,726</u>
Gross Receivable-Governm.	2,742,301	2,756,115
Other Receivables	12,570	15,276
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 2,754,871</u>	<u>\$ 2,771,391</u>

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

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	\$ 16,782
Supplies	<u>3,627</u>
Total	<u>\$ 20,409</u>

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

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land and Land Improvements	\$ 644,814			\$ 644,814
Buildings and Building Improvements	43,669,644	\$ 6,282,786		49,952,430
Machinery and Equipment	803,060			803,060
Total at Historical Cost	<u>45,117,518</u>	<u>6,282,786</u>		<u>51,400,304</u>
Less Accumulated Depreciation for:				
Land Improvements	(517,781)	(29,588)		(547,369)
Building and Improvements	(11,162,471)	(1,583,789)		(12,746,260)
Equipment	(645,089)	(106,358)		(751,447)
Total Accumulated Depreciation	<u>(12,325,341)</u>	<u>(1,719,735)</u>		<u>(14,045,076)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>32,792,177</u>	<u>4,563,051</u>		<u>37,355,228</u>
Government Activity Capital Assets, Net	<u>\$ 32,792,177</u>	<u>\$ 4,563,051</u>		<u>\$ 37,355,228</u>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 1,711,095
School Administration	8,200
Plant and Operations	440
Total Depreciation Expense	<u>\$ 1,719,735</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

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

	<u>Balance</u> <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 27,520,000	-	\$ (1,935,000)	\$ 25,585,000	\$ 2,000,000
Other Liabilities:					
Compensated Absences Payable	746,037		(105,271)	640,766	
Total	<u>\$ 28,266,037</u>	<u>-</u>	<u>\$ (2,040,271)</u>	<u>\$ 26,225,766</u>	<u>\$ 2,000,000</u>

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

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

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

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

For the year ended June 30, 2023, it is not necessary for the Board to establish a liability for arbitrage rebate.

	<u>Government Activities</u>				
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Original</u> <u>Issue</u>	<u>Balance</u> <u>June 30, 2023</u>
General School Renovations					
Bonds Payable-Series 2020	3/26/20	Various	2/15/35	\$ 23,800,000	\$ 21,060,000
Bonds Payable-Series 2012	12/12/12	Various	7/15/29	8,005,000	4,525,000
Total Bonds					<u>\$ 25,585,000</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7: LONG-TERM OBLIGATIONS-(Continued)

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,000,000	\$ 591,000	\$ 2,591,000
2025	2,080,000	539,200	2,619,200
2026	2,165,000	485,200	2,650,200
2027	2,245,000	429,000	2,674,000
2028	2,330,000	370,600	2,700,600
2029	2,420,000	309,900	2,729,900
2030	2,505,000	246,900	2,751,900
2031	1,835,000	211,400	2,046,400
2032	1,900,000	174,700	2,074,700
2033	1,965,000	136,700	2,101,700
2034	2,035,000	97,400	2,132,400
2035	2,105,000	56,700	2,161,700
	<u>\$ 25,585,000</u>	<u>\$ 3,648,700</u>	<u>\$ 29,233,700</u>

NOTE 8: PENSION PLANS

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

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

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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 \$36,869,998 as measured on June 30, 2022 and \$33,952,293 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$992,275 and revenue of \$992,275 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>6/30/2022</u>	<u>6/30/2023</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	\$33,952,293	\$36,869,998
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.070623%	0.071461%

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:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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.

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.

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 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>
US Equity	27.00%	8.12%
Non-US devel.markets 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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	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.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2022 was \$24,640,530,532.

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

	<u>Year Ended June 30:</u>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total ension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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 \$3,672,402 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 total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.02443% which was an increase of 0.00116% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$16,378). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 26,506	\$ 23,374
Changes of assumptions	11,378	549,904
Net difference between projected and actual earnings on pension plan investments	151,997	-
Changes in proportion and differences between District contributions and proportionate share of contributions	397,108	165,023
District contributions subsequent to the measurement date	306,869	
Total	<u>\$ 893,858</u>	<u>\$ 738,301</u>

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

\$306,869 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 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:

	<u>Year Ended June 30:</u>
2023	(\$124,324)
2024	(63,339)
2025	(30,889)
2026	67,389
2027	<u>(148)</u>
Total	<u>(\$151,312)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$2,756,784	\$3,672,402
District's proportion %	0.02327088%	0.02433444%

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:	
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 an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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 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>
US Equity	27.00%	8.12%
Non-US devel.markets 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 Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalentents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	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 and the nonemployer contributing entity 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 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 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 as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 4,717,961	\$3,672,402	\$ 2,782,589

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$10,901
Interest on total Pension liability	43,720
Benefit changes	127
Member contributions	(9,091)
Administrative expens	195
Expected investment return net of investment expenses	(29,184)
Pension expense related to specific liabilities of individual employers	(157)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	518
Changes in assumptions	(32,681)
Difference between projected and actual investment earnings on pension plan investments	(726)
Total pension expense	<u>(\$16,378)</u>

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

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

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

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

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$306,869	100 %	-0-
6/30/2022	\$272,529	100	-0-
6/30/2021	\$272,821	100	-0-

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

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

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2023	\$2,954,548	100 %	-0-
6/30/2022	\$2,984,949	100	-0-
6/30/2021	\$2,093,645	100	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$3,730,248 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$668,914 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 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.

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

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 the 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.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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 claims 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 LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education.

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

Actuarial assumptions and other imputes. The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. 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 used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. 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								
			<table border="1" style="display: inline-table; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">TPAF/ABP</th> <th style="text-align: center;">PERS</th> <th style="text-align: center;">PFRS</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.75% to 4.25%</td> <td style="text-align: center;">2.75% to 6.55%</td> <td style="text-align: center;">3.25% to 16.25%</td> </tr> </tbody> </table>	TPAF/ABP	PERS	PFRS	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%	
TPAF/ABP	PERS	PFRS								
2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%								

Based on service years

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

(a) 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%.

(b) Discount Rate

The discount rate used to measure the total OPEB liability 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.

Preretirement 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. Postretirement 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.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	42,650,252
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>
The State's total OPEB liability attributable to the District:	\$32,144,422

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

	June 30, 2022		
	<u>At 1% Decrease</u> <u>2.54%</u>	<u>At Discount Rate</u> <u>3.54%</u>	<u>At 1% Increase</u> <u>4.54%</u>
Total OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

	June 30, 2021		
	<u>At 1% Decrease</u> <u>1.16%</u>	<u>At Discount Rate</u> <u>2.16%</u>	<u>At 1% Increase</u> <u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

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

	June 30, 2022		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

	June 30, 2021		
	<u>At 1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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 and related revenue of \$1,544,954 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and 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:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

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	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the proprietary fund types.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11: 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$65	-	3,845	\$40,145
2021-2022	\$65	-	-	\$43,925
2020-2021	\$66	-	-	\$43,860

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The School District is involved in various disputes with construction contractors. Although the outcome of these disputes is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$3,941,193 General Fund fund balance at June 30, 2023, \$271,727 is reserved for encumbrances; \$1,845,239 is reserved for Capital Reserve; \$2,311,342 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7; (\$756,383 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$40,145 is reserve for Unemployment Compensation, and (\$527,260) is unreserved and undesignated.

DUNELLEN SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$1,554,959.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The enterprise fund (aftercare) owes the general fund \$14,505 for general fund tuition received in the aftercare fund. The general fund owes the food service fund for federal and state subsidies not yet transferred to the food service fund in the amount of \$26,201, and the preschool program for budgeted contributions and payroll reimbursements not yet transferred in the amount of 225,541.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Dunellen School District Board of Education by inclusion of \$1. on October 11, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2022	\$ 1,130,421
Budgeted Withdrawal	(4,285,182)
Budgeted Deposit	5,000,000
Ending Balance, June 30, 2023	<u>\$ 1,845,239</u>

NOTE 17: TAX ABATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,630,903		\$ 12,630,903	\$ 12,630,903	
Tuition from Individuals	-		-	5,050	\$ 5,050
Miscellaneous	1,000		1,000	72,508	71,508
Total - Local Sources	<u>12,631,903</u>	<u>-</u>	<u>12,631,903</u>	<u>12,708,461</u>	<u>76,558</u>
State Sources:					
Equalization Aid	11,354,675		11,354,675	11,354,675	
Transportation Aid	76,133		76,133	76,133	
Special Education Aid	1,045,367		1,045,367	1,045,367	
Security Aid	361,377		361,377	361,377	
Extraordinary Aid			-	230,054	230,054
TPAF Pension (On-Behalf - Non-Budgeted)				2,952,824	2,952,824
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				775,700	775,700
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,724	1,724
TPAF Social Security (Reimbursed - Non-Budgeted)				668,914	668,914
Total State Sources	<u>12,837,552</u>	<u>-</u>	<u>12,837,552</u>	<u>17,466,768</u>	<u>4,629,216</u>
Federal Sources:					
Medical Assistance Program	34,545		34,545	10,848	(23,697)
Total Federal Sources	<u>34,545</u>	<u>-</u>	<u>34,545</u>	<u>10,848</u>	<u>(23,697)</u>
TOTAL REVENUES	<u>25,504,000</u>	<u>-</u>	<u>25,504,000</u>	<u>30,186,077</u>	<u>4,682,077</u>

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	314,495	-	314,495	294,363	20,132
Grades 1-5 - Salaries of Teachers	1,947,146	(54,545)	1,892,601	1,854,488	38,113
Grades 6-8 - Salaries of Teachers	1,209,789	(46,562)	1,163,227	1,120,477	42,750
Grades 9-12 - Salaries of Teachers	2,249,254	(131,359)	2,117,895	2,003,256	114,639
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(17,375)	7,625	4,890	2,735
Purchased Professional-Educational Services	15,000	-	15,000	10,312	4,688
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	244,000	176,213	420,213	406,186	14,027
Purchased Professional-Educational Services	16,600	63,660	80,260	74,719	5,541
Purchased Technical Services	-	3,930	3,930	3,910	20
General Supplies	250,784	(24,596)	226,188	194,542	31,646
Textbooks	5,200	3,565	8,765	2,534	6,231
Other Objects	-	10,499	10,499	10,499	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,277,268	(16,570)	6,260,698	5,980,176	280,522
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	193,741	(4,951)	188,790	175,614	13,176
Purchased Professional-Educational Services	90,000	-	90,000	90,000	-
General Supplies	4,000	(2,390)	1,610	876	734
Total Learning and/or Language Disabilities	287,741	(7,341)	280,400	266,490	13,910
Multiple Disabilities:					
Salaries of Teachers	419,922	(71,778)	348,144	330,906	17,238
Other Salaries for Instruction	24,898	-	24,898	24,898	-
Purchased Professional-Educational Services	30,000	70,000	100,000	99,945	55
General Supplies	4,000	6,009	10,009	4,790	5,219
Textbooks	-	200	200	183	17
Total Multiple Disabilities	478,820	4,431	483,251	460,722	22,529

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Resource Room/Resource Center:					
Salaries of Teachers	634,828	(82,869)	551,959	551,535	424
Other Salaries for Instruction	188,086	(54,233)	133,853	120,031	13,822
Purchased Professional-Educational Services	30,000	70,000	100,000	100,000	-
General Supplies	3,300	-	3,300	2,026	1,274
Total Resource Room/Resource Center	856,214	(67,102)	789,112	773,592	15,520
Autism:					
Salaries of Teachers	134,314	(100,971)	33,343	33,343	-
Other Salaries for Instruction	53,896	(2,839)	51,057	46,015	5,042
Purchased Professional-Educational Services	30,000	(30,000)	-	-	-
General Supplies	6,000	(2,466)	3,534	2,760	774
Total Autism:	224,210	(136,276)	87,934	82,118	5,816
Preschool Disabilities - Full Time:					
Salaries of Teachers	16,632	39,665	56,297	56,297	-
Other Salaries for Instruction	-	31,518	31,518	24,898	6,620
Purchased Professional-Educational Services	200,000	-	200,000	200,000	-
Total Preschool Disabilities - Full Time	216,632	71,183	287,815	281,195	6,620
Home Instruction:					
Salaries of Teachers	-	3,000	3,000	-	3,000
Purchased Professional-Educational Services	-	6,375	6,375	6,375	-
Total Home Instruction	-	9,375	9,375	6,375	3,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,063,617	(125,730)	1,937,887	1,870,492	67,395
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	149,885	24,390	174,275	161,726	12,549
General Supplies	500	-	500	269	231
Total Basic Skills/Remedial - Instruction:	150,385	24,390	174,775	161,995	12,780
Bilingual Education - Instruction:					
Salaries of Teachers	295,900	37,581	333,481	323,503	9,978
Purchased Professional-Educational Services	30,000	(30,000)	-	-	-
General Supplies	1,000	-	1,000	729	271
Total Bilingual Education - Instruction	326,900	7,581	334,481	324,232	10,249
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	135,000	-	135,000	109,414	25,586
Supplies and Materials	2,500	219	2,719	-	2,719
Other Objects	300	3,700	4,000	3,800	200
Total School-Spon. Cocurricular Actvts. - Inst.	137,800	3,919	141,719	113,214	28,505

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
School-Spon. Athletics - Instruction:					
Salaries	190,000	20,433	210,433	210,433	-
Purchased Services (300-500 series)	66,875	6,000	72,875	42,813	30,062
Supplies and Materials	22,500	11,710	34,210	33,183	1,027
Other Objects	15,500	(2,500)	13,000	11,873	1,127
Transfer to Cover Deficit (Agency Funds)	25,000	(12,000)	13,000	-	13,000
Total School-Spon. Athletics - Inst.	319,875	23,643	343,518	298,302	45,216
TOTAL INSTRUCTION	9,275,845	(82,767)	9,193,078	8,748,411	444,667
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	271,988	(81,122)	190,866	171,943	18,923
Tuition to CSSD & Regional Day Schools	621,370	(32,394)	588,976	588,976	-
Tuition to Priv. Sch. For Disabled within State	486,945	(279,892)	207,053	189,673	17,380
Total Instruction	1,380,303	(393,408)	986,895	950,592	36,303
Attendance and Social Work:					
Salaries	122,533	1,079	123,612	123,611	1
Purchased Services (300-500 series)	-	3,000	3,000	625	2,375
Supplies and Materials	4,676	(2,414)	2,262	-	2,262
Total Attendance and Social Work	127,209	1,665	128,874	124,236	4,638
Health Services:					
Salaries	170,310	4,450	174,760	171,493	3,267
Purchased Professional and Technical Services	10,000	(5,209)	4,791	161	4,630
Supplies and Materials	6,000	3,029	9,029	7,897	1,132
Total Health Services	186,310	2,270	188,580	179,551	9,029
Other Supp. Services Students-Related Services:					
Salaries	278,620	159,898	438,518	419,459	19,059
Purchased Professional-Educational Services	105,000	40,000	145,000	123,540	21,460
Supplies and Materials	2,250	-	2,250	1,528	722
Total Other Supp. Services Students-Related Services	385,870	199,898	585,768	544,527	41,241
Other Supp. Services Students-Extra. Services:					
Purchased Professional-Educational Services	204,933	(17,380)	187,553	176,380	11,173
Supplies and Materials	-	2,000	2,000	-	2,000
Total Other Supp. Services Students-Extra. Services	204,933	(15,380)	189,553	176,380	13,173

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Guidance:					
Salaries of Other Professional Staff	186,165	123,879	310,044	308,302	1,742
Salaries of Secretarial and Clerical Assistants	53,800	-	53,800	53,800	-
Other Purchased Prof. and Tech. Services	5,000	(224)	4,776	1,130	3,646
Supplies and Materials	1,850	(40)	1,810	1,459	351
Other Objects	2,200	40	2,240	493	1,747
Total Guidance	249,015	123,655	372,670	365,184	7,486
Child Study Teams:					
Salaries of Other Professional Staff	638,881	(216,919)	421,962	421,962	-
Salaries of Secretarial and Clerical Assistants	68,950	(598)	68,352	68,352	-
Purchased Professional-Educational Services	25,000	120,104	145,104	137,992	7,112
Other Purchased Services (400-500 series)	1,250	-	1,250	783	467
Supplies and Materials	10,000	18,094	28,094	26,610	1,484
Other Objects	2,100	-	2,100	1,139	961
Total Child Study Teams	746,181	(79,319)	666,862	656,838	10,024
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	144,400	-	144,400	132,681	11,719
Salaries of Other Professional Staff	4,050	(2,700)	1,350	1,069	281
Salaries of Secretarial and Clerical Assistants	70,925	-	70,925	70,925	-
Purchased Professional-Educational Services	2,800	(685)	2,115	2,115	-
Other Purchased Services (400-500 series)	17,562	-	17,562	13,387	4,175
Supplies and Materials	276,047	24,291	300,338	286,347	13,991
Other Objects	5,615	(1,815)	3,800	1,652	2,148
Total Improvement of Instructional Services	521,399	19,091	540,490	508,176	32,314
Educational Media Services/School Library:					
Salaries	95,549	(13,474)	82,075	82,075	-
Salaries of Technology Coordinators	99,394	-	99,394	99,394	-
Supplies and Materials	5,050	100	5,150	2,401	2,749
Total Educational Media Services/School Library	199,993	(13,374)	186,619	183,870	2,749
Instructional Staff Training Services:					
Salaries	-	2,500	2,500	2,500	-
Purchased Professional-Educational Services	12,900	(4,800)	8,100	8,100	-
Other Purchased Services (400-500 series)	-	7,061	7,061	5,951	1,110
Supplies and Materials	-	440	440	302	138
Total Instructional Staff Training Services	12,900	5,201	18,101	16,853	1,248

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	253,357	(10,582)	242,775	242,775	-
Legal Services	50,000	5,000	55,000	36,160	18,840
Audit Fees	27,000	2,700	29,700	22,733	6,967
Other Purchased Professional Services	14,700	(370)	14,330	6,740	7,590
Purchased Technical Services	16,500	(2,850)	13,650	10,057	3,593
Communications/Telephone	79,220	7,922	87,142	53,308	33,834
Other Purchased Services (400-500 series)	164,870	(22,656)	142,214	142,214	-
General Supplies	3,500	350	3,850	3,362	488
Judgments Against the School District	10,000	(10,000)	-	-	-
Miscellaneous Expenditures	13,000	1,300	14,300	7,557	6,743
BOE Membership Dues & Fees	11,000	1,100	12,100	10,034	2,066
Total Supp. Services - General Administration	643,147	(28,086)	615,061	534,940	80,121
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	683,003	41,159	724,162	724,162	-
Salaries of Other Professional Staff	53,200	(17,733)	35,467	35,467	-
Salaries of Secretarial and Clerical Assistants	131,094	48,747	179,841	179,841	-
Other Purchased Services (400-500 series)	10,200	1,371	11,571	8,408	3,163
Supplies and Materials	20,550	11,745	32,295	18,694	13,601
Other Objects	8,300	830	9,130	3,545	5,585
Total Support Services - School Administration	906,347	86,119	992,466	970,117	22,349
Central Services:					
Salaries	340,918	65,226	406,144	404,247	1,897
Purchased Professional Services	10,000	(4,000)	6,000	3,000	3,000
Purchased Technical Services	-	4,500	4,500	-	4,500
Misc. Purchased Services (400-500 series)	12,000	(1,619)	10,381	6,593	3,788
Supplies and Materials	4,500	(93)	4,407	4,139	268
Miscellaneous Expenditures	4,000	(161)	3,839	3,838	1
Total Central Services	371,418	63,853	435,271	421,817	13,454
Admin Information Technology:					
Salaries	108,394	10,839	119,233	101,375	17,858
Purchased Technical Services	125,000	7,189	132,189	109,842	22,347
Supplies and Materials	71,000	(87)	70,913	49,525	21,388
Total Admin Information Technology	304,394	17,941	322,335	260,742	61,593

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	170,247	11,159	181,406	181,161	245
Cleaning, Repair and Maintenance Services	105,000	32,360	137,360	35,676	101,684
General Supplies	30,000	(129)	29,871	16,087	13,784
Other Objects	4,000	-	4,000	2,703	1,297
Total Required Maintenance for School Facilities	309,247	43,390	352,637	235,627	117,010
Other Operations and Maintenance of Plant:					
Salaries	570,660	(46,003)	524,657	524,657	-
Purchased Professional and Technical Services	13,000	(874)	12,126	7,955	4,171
Cleaning, Repair and Maintenance Services	230,250	(67,787)	162,463	150,994	11,469
Other Purchased Property Services	35,000	-	35,000	28,266	6,734
Insurance	133,000	-	133,000	120,725	12,275
Miscellaneous Purchased Services	3,000	7,370	10,370	7,370	3,000
General Supplies	95,000	(43,307)	51,693	28,629	23,064
Energy (Natural Gas)	90,000	101,700	191,700	186,256	5,444
Energy (Electricity)	205,000	93,600	298,600	241,385	57,215
Other Objects	3,000	25,000	28,000	1,089	26,911
Total Other Operations and Maintenance of Plant	1,377,910	69,699	1,447,609	1,297,326	150,283
Care and Upkeep of Grounds:					
Salaries	57,983	3,583	61,566	60,304	1,262
Cleaning, Repair and Maintenance Services	55,000	(31,238)	23,762	23,762	-
General Supplies	35,000	-	35,000	17,652	17,348
Other Objects	800	-	800	280	520
Total Care and Upkeep of Grounds	148,783	(27,655)	121,128	101,998	19,130
Security:					
Purchased Professional and Technical Services	205,000	-	205,000	202,541	2,459
Cleaning, Repair and Maintenance Services	45,000	(30,180)	14,820	9,819	5,001
General Supplies	40,000	(15,000)	25,000	14,471	10,529
Total Security	290,000	(45,180)	244,820	226,831	17,989
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-Charter Sch.	2,000	(2,000)	-	-	-
Contract Services (Other than Between Home & School)-Vendors	67,500	3,563	71,063	70,853	210
Contract Services (Between Home & School)-Joint Agrmts	-	56,784	56,784	56,784	-
Contract Services - (Special Ed. Students) - Vendors	65,000	(22,142)	42,858	42,858	-
Contract Services - (Special Ed. Students) - Joint Agrmts	85,000	(85,000)	-	-	-
Contracted Services (Spec Ed. Students)-ESC's & CTSA's	380,000	219,025	599,025	599,025	-
Total Student Transportation Services	599,500	170,230	769,730	769,520	210

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
UNALLOCATED BENEFITS					
Regular Programs-Instruction:					
Social Security Contributions	235,000	48,144	283,144	283,144	-
Other Retirement Contributions - PERS	290,000	16,869	306,869	306,869	-
Unemployment Compensation	20,000	-	20,000	14,384	5,616
Workman's Compensation	125,000	(36,714)	88,286	88,286	-
Health Benefits	3,524,997	(86,594)	3,438,403	3,400,896	37,507
Tuition Reimbursement	40,000	1,580	41,580	9,560	32,020
Other Employee Benefits	5,000	-	5,000	3,838	1,162
Unused Sick Payment to Term/Ret. Staff	25,000	-	25,000	-	25,000
Total Regular Programs-Instruction	4,264,997	(56,715)	4,208,282	4,106,977	101,305
UNALLOCATED BENEFITS					
On-behalf TPAF pension Contrib. (non-budgeted)			-	2,952,824	(2,952,824)
On-behalf TPAF PRM Contrib. (non-budgeted)				775,700	(775,700)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,724	(1,724)
Reimbursed TPAF Social Security Contrib. (non-budgeted)			-	668,914	(668,914)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	4,399,162	(4,399,162)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	4,264,997	(56,715)	4,208,282	8,506,139	(4,297,857)
TOTAL UNDISTRIBUTED EXPENDITURES	13,229,856	143,895	13,373,751	17,031,264	(3,657,513)
TOTAL GENERAL CURRENT EXPENSE	22,505,701	61,128	22,566,829	25,779,675	(3,212,846)
CAPITAL OUTLAY					
EQUIPMENT					
Regular Programs - Instruction:					
Undistributed Expenditures-Instruction	15,000	(8,650)	6,350	-	6,350
Undist. Expend.-Custodial Services	5,000	(5,000)	-	-	-
Undist. Expend.-Care and Upkeep of Grounds	105,000	13,650	118,650	54,067	64,583
TOTAL EQUIPMENT	125,000	-	125,000	54,067	70,933
FACILITIES ACQUISITIONS AND CONSTRUCT. SVCS:					
Architectural/Engineering	25,000	3,587	28,587	-	28,587
Construction Services	110,000	46,069	156,069	67,672	88,397
Assessment for Debt Service on SDA Funding	61,602	-	61,602	61,602	-
TOTAL FACILITIES ACQUISITIONS AND CONST. SVCS	196,602	49,656	246,258	129,274	116,984
TOTAL CAPITAL OUTLAY	321,602	49,656	371,258	183,341	187,917

DUNELLEN SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Transfer of Funds to Charter Schools	87,776	-	87,776	-	87,776
TOTAL EXPENDITURES	22,915,079	110,784	23,025,863	25,963,016	(2,937,153)
Excess (Deficiency of Revenues Over(Under) Expenditures	2,588,921	(110,784)	2,478,137	4,223,061	1,744,924
Other Financing Sources:					
Operating Transfer In/(Out):					
Capital Reserve - Transfer to Capital Projects Fund	(3,309,875)	-	(3,309,875)	(3,309,875)	-
Capital Reserve - Transfer to Repayment of Debt	(975,307)	-	(975,307)	(975,307)	-
Total Other Financing Sources:	(4,285,182)	-	(4,285,182)	(4,285,182)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,696,261)	(110,784)	(1,807,045)	(62,121)	1,744,924
Fund Balance, July 1	5,277,609		5,277,609	5,277,609	
Prior Period Adjustment					
Fund Balance, July 1 (Restated)	5,277,609		5,277,609	5,277,609	
Fund Balance, June 30	\$ 3,581,348	\$ (110,784)	\$ 3,470,564	\$ 5,215,488	\$ 1,744,924
Recapitulation:					
Restricted for:					
Excess Surplus				\$ 1,554,959	
Excess Reserve - Designated for Subsequent Year's Expenditures				756,383	
Capital Reserve				1,845,239	
Unemployment Compensation				40,145	
Assigned to:					
Reserve for Encumbrances				271,727	
Unassigned:					
Unrestricted Fund Balance				<u>747,035</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>5,215,488</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(1,274,295)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 3,941,193</u>	

DUNELLEN SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 100,000	\$ 102,084	\$ 202,084	\$ 176,194	\$ (25,890)
State Sources	-	36,244	36,244	6,660	(29,584)
Federal Sources	634,060	2,282,402	2,916,462	1,331,525	(1,584,937)
Total Revenues	734,060	2,420,730	3,154,790	1,514,379	(1,640,411)
EXPENDITURES:					
Instruction					
Salaries of Teachers	364,060	1,795,656	2,159,716	840,363	1,319,353
Tuition	270,000	58,324	328,324	264,671	63,653
General Supplies		91,898	91,898	54,200	37,698
Total Instruction	634,060	1,945,878	2,579,938	1,159,234	1,420,704
Support Services					
Salaries of Supervisors of Instruction		33,350	33,350	24,286	9,064
Employee Benefits		64,298	64,298	64,233	65
Purchased Professional & Tech. Serv.		289,091	289,091	89,789	199,302
Other Purchased Services		15,913	15,913	4,697	11,216
Supplies and Materials		10,817	10,817	10,757	60
Student Activities	100,000	50,643	150,643	150,643	
Total Support Services	100,000	464,112	564,112	344,405	219,707
Total Expenditures	734,060	2,409,990	3,144,050	1,503,639	1,640,411
Total Outflows	\$ 734,060	2,409,990	\$ 3,144,050	\$ 1,503,639	\$ 1,640,411
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		10,740	10,740	10,740	
Fund Balance Beginning				204,243	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				204,243	
Fund Balance Ending				<u>\$ 214,983</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 214,983	
Total Fund Balance				<u>\$ 214,983</u>	

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

For the Fiscal Year Ended June 30, 2023

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 30,186,077	\$ 1,514,379
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	53,811
Current Year Encumbrances	N/A	(218,483)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	1,112,085	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(1,274,295)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 30,023,867</u>	<u>\$ 1,349,707</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 25,963,016	\$ 1,503,639
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	53,811
Current Year Encumbrances	N/A	(218,483)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 25,963,016</u>	<u>\$ 1,338,967</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	\$ 36,869,998	\$ 33,952,293	\$ 45,732,226	\$ 42,225,562	\$ 43,904,267	\$ 43,685,729	\$ 54,592,675	\$ 43,760,207	\$ 34,978,482	\$ 33,921,884
Total	\$ 36,869,998	\$ 33,952,293	\$ 45,732,226	\$ 42,225,562	\$ 43,904,267	\$ 43,685,729	\$ 54,592,675	\$ 43,760,207	\$ 34,978,482	\$ 33,921,884
District's covered employee payroll	\$ 8,902,582	\$ 8,507,502	\$ 8,068,312	\$ 7,853,100	\$ 7,673,817	\$ 7,446,556	\$ 7,138,073	\$ 6,912,756	\$ 6,554,337	\$ 6,455,667
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	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.

Public Employees' Retirement System (PERS)

Exhibit L-1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.024431662%	0.023270876%	0.024511002%	0.023245270%	0.022887630%	0.019050550%	0.017077942%	0.0160802473%	0.0161605205%	0.0149235631%
District's proportionate share of the net pension liability (asset)	\$ 3,672,402	\$ 2,756,784	\$ 3,997,103	\$ 4,188,445	\$ 4,506,461	\$ 4,434,664	\$ 5,057,997	\$ 3,609,693	\$ 3,025,691	\$ 2,852,189
District's covered employee payroll	\$ 1,882,535	\$ 1,806,627	\$ 1,776,437	\$ 1,724,601	\$ 1,682,675	\$ 1,637,182	\$ 1,574,452	\$ 1,265,305	\$ 1,156,451	\$ 1,149,748
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	195.08%	152.59%	225.01%	242.86%	267.82%	270.87%	321.25%	285.28%	261.64%	248.07%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 8,902,582	\$ 8,507,502	\$ 8,068,312	\$ 7,853,100	\$ 7,673,817	\$ 7,446,556	\$ 7,138,073	\$ 6,912,756	\$ 6,554,337	\$ 6,455,667
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Public Employees' Retirement System (PERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 306,869	\$ 272,529	\$ 272,821	\$ 227,813	\$ 229,431	\$ 179,536	\$ 151,718	\$ 138,247	\$ 133,225	\$ 130,284
Contributions in relation to the contractually required contribution	(306,869)	(272,529)	(272,821)	(227,813)	(229,431)	(179,536)	(151,718)	(138,247)	(133,225)	(130,284)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 1,882,535	\$ 1,806,627	\$ 1,776,437	\$ 1,724,601	\$ 1,682,675	\$ 1,637,182	\$ 1,574,452	\$ 1,265,305	\$ 1,156,451	\$ 1,149,748
Contributions as a percentage of covered-employee payroll	16.30%	15.08%	15.36%	13.21%	13.63%	10.97%	9.64%	10.93%	11.52%	11.33%

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest on the Total OPEB Liability	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521			
Net change in total OPEB liability	(9,361,188,004)	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360			
Total OPEB Liability - Beginning	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824			
Total OPEB Liability - Ending	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's total OPEB liability **	\$ 50,646,462,966	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184			
The State of New Jersey's OPEB liability attributable to the District **	\$ 32,144,422	\$ 39,057,394	\$ 44,279,482	\$ 26,441,348	\$ 29,844,314	\$ 34,000,620	\$ 36,380,960			
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero	Zero			
District's covered employee payroll	\$ 10,785,117	\$ 10,314,129	\$ 9,844,749	\$ 9,577,701	\$ 9,356,492	\$ 9,083,738	\$ 8,712,525			
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208			
Total State's OPEB liability as a percentage of its covered-employee payroll	343.29%	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%			

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

*** Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

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

DUNELLEN SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. 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.

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 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.

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 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.

DUNELLEN SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2023

	Title I Part A	Title II Part A	Title III	Title IV	IDEA Basic	IDEA Preschool	CARES	ARP ESSER III	ARP Mental	ARP Homeless	CRRSA ESSER II	CRRSA Learning	NJ Climate Pilot	Local Grants	Student Activity	Totals
REVENUES																
Local Sources														\$ 14,811	\$ 161,383	\$ 176,194
State Sources													\$ 6,660			6,660
Federal Sources	\$ 220,942	\$ 33,997	\$ (297)	\$ 32,531	\$ 264,671	\$ 7,881	\$ 45,268	\$ 600,290	\$ 45,000	\$ 7,902	\$ 58,102	\$ 15,238				1,331,525
TOTAL REVENUES	220,942	33,997	(297)	32,531	264,671	7,881	45,268	600,290	45,000	7,902	58,102	15,238	6,660	14,811	161,383	1,514,379
EXPENDITURES:																
Instruction:																
Salaries of Teachers	150,950					7,881		600,290		7,902	58,102	15,238				840,363
Tuition					264,671											264,671
General Supplies	7,090		(297)	32,531			65							14,811		54,200
Total Instruction	158,040		(297)	32,531	264,671	7,881	65	600,290		7,902	58,102	15,238		14,811		1,159,234
Support Services:																
Salaries of Supervisors of Instruction	2,205						22,081									24,286
Employee Benefits	60,531						3,702									64,233
Purchased Professional & Tech. Serv.		33,300					4,829		45,000				6,660			89,789
Other Purchased Services		697					4,000									4,697
Supplies and Materials	166						10,591									10,757
Student Activities															150,643	150,643
Total Support Services	62,902	33,997					45,203		45,000				6,660		150,643	344,405
TOTAL EXPENDITURES	220,942	33,997	(297)	32,531	264,671	7,881	45,268	600,290	45,000	7,902	58,102	15,238	6,660	14,811	150,643	1,503,639
Total Outflows	220,942	33,997	(297)	32,531	264,671	7,881	45,268	600,290	45,000	7,902	58,102	15,238	6,660	14,811	150,643	1,503,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,740	10,740
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	204,243	204,243
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	204,243	204,243
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 214,983	\$ 214,983

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

DUNELLEN SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2023

					<u>Expenditures to Date</u>		<u>Unexpended</u>
	<u>Approval</u>	<u>Original</u>	<u>Original</u>	<u>Revised</u>	<u>Prior</u>	<u>Current</u>	<u>Balance</u>
		<u>Date</u>	<u>Appropriations</u>	<u>Appropriations</u>	<u>Years</u>	<u>Year</u>	<u>June 30, 2023</u>
Sanitary Line Project	Board of Education	5/3/19	\$ 900,000	\$ 1,089,631	\$ 1,079,401	-	\$ 10,230
Dunellen High School Exterior Doors	Board of Education	5/3/19	130,000	129,328	108,723	-	20,605
Dunellen High School Security	Board of Education	5/3/19	790,058	17,233	17,227	-	6
Faber Elementary Classroom Addition	Board of Education	5/3/19	1,142,066	8,741,037	-	\$ 3,839,161	4,901,876
Referendum Project	Voters	12/10/19	23,800,000	23,800,000	13,839,434	2,443,625	7,516,941
			<u>\$ 26,762,124</u>	<u>\$ 33,777,229</u>	<u>\$ 15,044,785</u>	<u>6,282,786</u>	<u>\$ 12,449,658</u>

Fund Balances, June 30, 2023 \$ 12,449,658

DUNELLEN SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2023

Revenues and Other Financing

Sources/(Uses):

Transfer from Capital Reserve - General Fund	\$ 3,309,875
Total Revenues	<u>3,309,875</u>

Expenditures and Other Financing

Uses

Professional Fees	286,997
Construction Services	<u>5,995,789</u>
Total Expenditures	<u>6,282,786</u>

Excess(deficiency) of revenues over(under) expenditures	(2,972,911)
--	-------------

Fund Balance - Beginning	<u>15,422,569</u>
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Fund Balance - Ending	<u><u>\$ 12,449,658</u></u>
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DUNELLEN SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2023

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

Project Fund Balance, 6/30/2023 \$ 10,230

Additional project information:

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

DUNELLEN SCHOOL DISTRICT

Exhibit F-2b

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

From Inception and for the Fiscal Year Ended June 30, 2023

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

Project Fund Balance, 6/30/2023 \$ 20,605

Additional project information:

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

DUNELLEN SCHOOL DISTRICT

Exhibit F-2c

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

From Inception and for the Fiscal Year Ended June 30, 2023

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

Project Fund Balance, 6/30/2023 \$ 6

Additional project information:

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

DUNELLEN SCHOOL DISTRICT

Exhibit F-2d

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

From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 5,431,162	\$ 3,309,875	\$ 8,741,037	\$ 8,741,037
Total Revenues	<u>5,431,162</u>	<u>3,309,875</u>	<u>8,741,037</u>	<u>8,741,037</u>
Expenditures and Other Financing Sources				
Purchased Professional and Technical Services			-	
Construction Services		3,839,161	3,839,161	8,741,037
Total Expenditures	<u>-</u>	<u>3,839,161</u>	<u>3,839,161</u>	<u>8,741,037</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 5,431,162</u>		<u>\$ 4,901,876</u>	

Project Fund Balance, 6/30/2023 \$ 4,901,876

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,142,066
Additional Authorized Cost	\$7,598,971
Revised Authorized Cost	\$8,741,037
Percentage Increase over Original Authorized Cost	665.4%
Percentage Completion	43.9%
Original Target Completion Date	6/30/23
Revised Target Completion Date	6/30/24

DUNELLEN SCHOOL DISTRICT

Exhibit F-2e

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

From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing				
Sources				
Bond Proceeds	\$ 23,800,000		\$ 23,800,000	\$ 23,800,000
Total Revenues	<u>23,800,000</u>	<u>-</u>	<u>23,800,000</u>	<u>23,800,000</u>
Expenditures and Other Financing				
Sources				
Purchased Professional and Technical Services	1,847,648	\$ 286,997	2,134,645	3,570,000
Construction Services	11,991,786	2,156,628	14,148,414	20,230,000
Total Expenditures	<u>13,839,434</u>	<u>2,443,625</u>	<u>16,283,059</u>	<u>23,800,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 9,960,566</u>		<u>\$ 7,516,941</u>	
			<u>Project Fund Balance, 6/30/2023</u>	<u>\$ 7,516,941</u>

Additional project information:

Project Numbers:	
DHS Alterations	1140-040-19-5000
DHS Boilers	1140-040-19-6000
DHS Tee Center	1140-040-19-7000
DHS Multiple Renovations	1140-040-19-8000
DHS Generator	1140-040-19-9000
DHS Aud, Music Rm, Wood Shop	1140-040-19-11000
Faber HVAC & Roof	1140-050-19-4000
Faber Generator	1140-050-19-6000
Lincoln MS Toilet & Stairwell Renovations	1140-060-19-2000
Grant Date	N/A
Bond Authorization Date	12/10/19
Bonds Authorized	\$23,800,000
Bonds Issued	\$23,800,000
Original Authorized Cost	\$23,800,000
Additional Authorized Cost	
Revised Authorized Cost	\$23,800,000
Percentage Increase over Original Authorized Cost	
Percentage Completion	68.4%
Original Target Completion Date	6/30/23
Revised Target Completion Date	6/30/24

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

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

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

LONG-TERM DEBT SCHEDULES

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

DUNELLEN SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2023**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	AMOUNT OF <u>ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2022</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2023</u>
			<u>DATE</u>	<u>AMOUNT</u>				
2012 Series School Bonds	12/12/12	\$ 8,005,000	7/15/23	\$ 560,000	4.00%	\$ 5,065,000	\$ (540,000)	\$ 4,525,000
			7/15/24	590,000	4.00%			
			7/15/25	620,000	4.00%			
			7/15/26	645,000	4.00%			
			7/15/27	675,000	4.00%			
			7/15/28	705,000	4.00%			
			7/15/29	730,000	4.00%			
2020 Series School Bonds	3/26/20	23,800,000	2/15/24	1,440,000	2.00%	22,455,000	(1,395,000)	21,060,000
			2/15/25	1,490,000	2.00%			
			2/15/26	1,545,000	2.00%			
			2/15/27	1,600,000	2.00%			
			2/15/28	1,655,000	2.00%			
			2/15/29	1,715,000	2.00%			
			2/15/30	1,775,000	2.00%			
			2/15/31	1,835,000	2.00%			
			2/15/32	1,900,000	2.00%			
			2/15/33	1,965,000	2.00%			
			2/15/34	2,035,000	2.00%			
			2/15/35	2,105,000	2.00%			
			Total					

DUNELLEN SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 731,798	-	\$ 731,798	\$ 731,798	-
State Sources:					
Debt Service Aid Type II	861,818	-	861,818	861,818	-
TOTAL REVENUES	1,593,616	-	1,593,616	1,593,616	-
EXPENDITURES:					
Regular Debt Service:					
Interest	633,925	-	633,925	633,925	-
Redemption of Principal	1,935,000	-	1,935,000	1,935,000	-
Total Regular Debt Service	2,568,925	-	2,568,925	2,568,925	-
TOTAL EXPENDITURES	2,568,925	-	2,568,925	2,568,925	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(975,309)	-	(975,309)	(975,309)	-
<u>Other Financing Sources:</u>					
Operating Transfers In:					
Capital Reserve-General Fund	975,307	-	975,307	975,307	-
Total Financing Sources	975,307	-	975,307	975,307	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2)	-	(2)	(2)	-
Fund Balance, July 1	2	-	2	2	-
Fund Balance, June 30	-	-	-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

Dunellen School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	93-98
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	99-102
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	103-106
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	107-108
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	109-113

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

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

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 7,596,047	\$ 9,227,074	\$ 10,160,602	\$ 10,344,543	\$ 10,283,113	\$ 12,772,300	\$ (8,129,076)	\$ (5,240,473)	\$ 5,272,177	\$ 11,770,228
Restricted	1,586,520	1,229,723	554,622	813,505	686,176	539,438	22,540,241	18,712,194	14,418,931	10,865,005
Unrestricted	(622,457)	(3,426,160)	(3,703,158)	(4,267,757)	(3,393,552)	(4,246,240)	(2,225,836)	2,508,071	494,282	1,342,310
Total governmental activities Net Position	<u>\$ 8,560,110</u>	<u>\$ 7,030,636</u>	<u>\$ 7,012,066</u>	<u>\$ 6,890,290</u>	<u>\$ 7,575,737</u>	<u>\$ 9,065,498</u>	<u>\$ 12,185,329</u>	<u>\$ 15,979,792</u>	<u>\$ 20,185,390</u>	<u>\$ 23,977,543</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 31,008	\$ 63,224	\$ 93,102	\$ 63,190	\$ 125,251	\$ 84,329	\$ 70,843	\$ 60,723	\$ 69,764	\$ 57,514
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	93,057	31,328	(14,925)	163,626	503,328	286,668	355,267	428,121	684,129	997,298
Total business-type activities Net Position	<u>\$ 124,065</u>	<u>\$ 94,551</u>	<u>\$ 78,177</u>	<u>\$ 226,816</u>	<u>\$ 628,579</u>	<u>\$ 370,997</u>	<u>\$ 426,110</u>	<u>\$ 488,844</u>	<u>\$ 753,893</u>	<u>\$ 1,054,812</u>
District-wide										
Invested in capital assets, net of related debt	\$ 7,627,054	\$ 9,290,297	\$ 10,253,704	\$ 10,407,733	\$ 10,408,364	\$ 12,856,629	\$ (8,058,233)	\$ (5,179,750)	\$ 5,341,941	\$ 11,827,742
Restricted	1,586,520	1,229,723	554,622	813,505	686,176	539,438	22,540,241	18,712,194	14,418,931	10,865,005
Unrestricted	(529,399)	(3,394,833)	(3,718,083)	(4,104,131)	(2,890,224)	(3,959,572)	(1,870,569)	2,936,192	1,178,411	2,339,608
Total district Net Position	<u>\$ 8,684,175</u>	<u>\$ 7,125,187</u>	<u>\$ 7,090,243</u>	<u>\$ 7,117,106</u>	<u>\$ 8,204,316</u>	<u>\$ 9,436,495</u>	<u>\$ 12,611,439</u>	<u>\$ 16,468,636</u>	<u>\$ 20,939,283</u>	<u>\$ 25,032,355</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,248,615	\$ 7,843,984	\$ 9,257,507	\$ 9,096,544	\$ 10,544,290	\$ 10,376,546	\$ 10,138,612	\$ 11,581,294	\$ 12,092,049	\$ 12,199,345
Special education	1,798,816	1,903,322	2,273,920	2,385,209	2,765,879	2,686,956	2,628,777	2,805,879	2,811,455	2,891,181
Other special instruction	655,042	897,181	897,047	1,012,423	632,386	699,547	672,705	631,784	751,106	897,743
Support Services:										
Tuition	941,609	1,059,862	1,047,738	884,398	858,063	951,733	891,820	621,085	912,708	950,592
Student & instruction related services	2,398,008	2,437,945	3,027,681	2,849,076	3,250,959	3,191,763	3,249,766	3,767,819	3,960,122	4,066,579
School administrative service	1,153,603	1,101,739	1,170,752	1,269,300	1,516,422	1,527,396	1,488,802	1,619,312	1,570,253	1,567,440
General and business admin.services	938,389	1,229,543	1,377,898	1,455,852	1,442,529	1,479,630	1,500,219	1,570,236	1,551,920	1,607,964
Plant operations and maintenance	1,215,452	1,339,700	1,399,567	1,632,890	1,791,859	1,753,836	1,981,042	2,020,401	2,239,981	2,353,875
Pupil transportation	410,691	464,999	538,842	534,132	443,149	585,236	395,220	385,373	497,362	769,520
Charter Schools	18,250	15,151	32,564	1,901,680						
Interest on long-term debt	406,436	366,594	348,017	334,677	339,795	305,089	394,938	707,004	744,507	677,779
Total governmental activities expenses	<u>17,184,912</u>	<u>18,660,020</u>	<u>21,371,532</u>	<u>23,356,181</u>	<u>23,585,331</u>	<u>23,557,732</u>	<u>23,341,901</u>	<u>25,709,187</u>	<u>27,131,463</u>	<u>27,982,018</u>
Business-type activities:										
Food service	457,072	482,100	581,155	608,480	567,122	608,805	473,884	514,821	706,276	694,950
Preschool Program					227,519	586,772	232,501	246,181	256,885	175,883
After Care				523,367	178,337	273,013	188,574	106,395	79,134	99,489
Chrome Program					2,299	15,000	1,380	-	-	-
Total business-type activities expense	<u>457,072</u>	<u>482,100</u>	<u>581,155</u>	<u>1,131,846</u>	<u>975,277</u>	<u>1,483,590</u>	<u>896,339</u>	<u>867,397</u>	<u>1,042,295</u>	<u>970,322</u>
Total district expenses	<u>\$ 17,641,984</u>	<u>\$ 19,142,120</u>	<u>\$ 21,952,687</u>	<u>\$ 24,488,027</u>	<u>\$ 24,560,608</u>	<u>\$ 25,041,322</u>	<u>\$ 24,238,240</u>	<u>\$ 26,576,584</u>	<u>\$ 28,173,758</u>	<u>\$ 28,952,340</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Business and other support services	\$ 52,745	\$ 52,971	\$ 69,268	\$ 66,788	\$ 39,234	\$ 33,570	\$ 15,800	\$ 90,969	\$ 96,384	\$ 166,433
Operating grants and contributions	3,043,708	4,109,328	4,090,750	7,969,848	12,526,015	12,990,514	12,907,382	16,233,552	17,941,248	18,157,718
Capital grants and contributions						-	-	-	-	-
Total governmental activities program revenues	<u>3,096,453</u>	<u>4,162,299</u>	<u>4,160,018</u>	<u>8,036,635</u>	<u>12,565,249</u>	<u>13,024,084</u>	<u>12,923,182</u>	<u>16,324,521</u>	<u>18,037,632</u>	<u>18,324,151</u>
Business-type activities:										
Charges for services										
Food service	214,858	223,924	243,965	284,599	265,503	280,307	201,178	1,337	88,231	272,826
Preschool Program				453,795	443,300	264,500	227,500	244,287	263,095	283,058
After Care				192,888	292,766	300,441	214,174	30,976	179,937	163,870
Chrome Program					9,100	10,260	7,715	20	-	-
Operating grants and contributions	278,548	278,663	320,815	349,204	360,880	363,014	300,885	653,511	776,081	551,487
Capital grants and contributions					-	-	-	-	-	-
Total business type activities program revenues	<u>493,406</u>	<u>502,587</u>	<u>564,780</u>	<u>1,280,486</u>	<u>1,371,549</u>	<u>1,218,522</u>	<u>951,452</u>	<u>930,131</u>	<u>1,307,344</u>	<u>1,271,241</u>
Total district program revenues	<u>\$ 3,589,859</u>	<u>\$ 4,664,886</u>	<u>\$ 4,724,798</u>	<u>\$ 9,317,121</u>	<u>\$ 13,936,798</u>	<u>\$ 14,242,606</u>	<u>\$ 13,874,634</u>	<u>\$ 17,254,652</u>	<u>\$ 19,344,976</u>	<u>\$ 19,595,392</u>
Net (Expense)/Revenue										
Governmental activities	\$ (14,088,459)	\$ (14,497,721)	\$ (17,211,513)	\$ (15,319,546)	\$ (11,020,082)	\$ (10,533,648)	\$ (10,418,719)	\$ (9,384,666)	\$ (9,093,831)	\$ (9,657,867)
Business-type activities	36,334	20,487	(16,375)	148,640	396,272	(265,068)	55,113	62,734	265,049	300,919
Total district-wide net expense	<u>\$ (14,052,125)</u>	<u>\$ (14,477,234)</u>	<u>\$ (17,227,888)</u>	<u>\$ (15,170,906)</u>	<u>\$ (10,623,810)</u>	<u>\$ (10,798,716)</u>	<u>\$ (10,363,606)</u>	<u>\$ (9,321,932)</u>	<u>\$ (8,828,782)</u>	<u>\$ (9,356,948)</u>

continued

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,107,789	\$ 9,289,944	\$ 9,931,548	\$ 10,249,324	\$ 10,907,075	\$ 11,482,347	\$ 12,079,439	\$ 12,321,028	\$ 12,505,844	\$ 12,630,903
Taxes levied for debt service	685,264	783,097	427,585	446,050	718,825	519,950	723,050	728,201	727,900	731,798
Investment earnings					2,815	2,511	12,300	40,226	35,425	32,261
Miscellaneous income	70,313	60,913	100,114	68,308	76,814	18,601	528,560	89,674	30,260	55,058
Federal and State Aid for Capital Assets Projects	4,882,145	5,503,013	6,733,705	4,434,087						
Transfers	125,000	50,000								
Total governmental activities	<u>14,870,510</u>	<u>15,686,967</u>	<u>17,192,952</u>	<u>15,197,769</u>	<u>11,705,529</u>	<u>12,023,409</u>	<u>13,343,349</u>	<u>13,179,129</u>	<u>13,299,429</u>	<u>13,450,020</u>
Business-type activities:										
Investment earnings					5,491	7,486	-	-	-	-
Transfers	(125,000)	(50,000)				-	-	-	-	-
Total business-type activities	<u>(125,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>5,491</u>	<u>7,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 14,745,510</u>	<u>\$ 15,636,967</u>	<u>\$ 17,192,952</u>	<u>\$ 15,197,769</u>	<u>\$ 11,711,020</u>	<u>\$ 12,030,895</u>	<u>\$ 13,343,349</u>	<u>\$ 13,179,129</u>	<u>\$ 13,299,429</u>	<u>\$ 13,450,020</u>
Change in Net Position										
Governmental activities	\$ 782,052	\$ 1,189,246	\$ (18,561)	\$ (121,777)	\$ 685,447	\$ 1,489,761	\$ 2,924,630	\$ 3,794,463	\$ 4,205,598	\$ 3,792,153
Business-type activities	(88,666)	(29,513)	(16,375)	148,640	401,763	(257,582)	55,113	62,734	265,049	300,919
Total district	<u>\$ 693,385</u>	<u>\$ 1,159,733</u>	<u>\$ (34,936)</u>	<u>\$ 26,863</u>	<u>\$ 1,087,210</u>	<u>\$ 1,232,179</u>	<u>\$ 2,979,743</u>	<u>\$ 3,857,197</u>	<u>\$ 4,470,647</u>	<u>\$ 4,093,072</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ 1,517,710	\$ 835,391	\$ 551,349	\$ 805,027	\$ 967,167	\$ 539,438	\$ 1,308,128	\$ 3,453,176	\$ 4,273,258	\$ 4,468,453
Unreserved	(175,195)	(284,536)	(178,579)	(250,215)	(233,943)	(414,057)	(402,519)	(125,643)	(107,734)	(527,260)
Total general fund	<u>\$ 1,342,515</u>	<u>\$ 550,855</u>	<u>\$ 372,770</u>	<u>\$ 554,812</u>	<u>\$ 733,224</u>	<u>\$ 125,381</u>	<u>\$ 905,609</u>	<u>\$ 3,327,533</u>	<u>\$ 4,165,524</u>	<u>\$ 3,941,193</u>
All Other Governmental Funds										
Reserved					\$ 223,219		\$ 2,700,972	\$ 7,712,891	\$ 5,564,810	\$ 6,211,345
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 68,809	\$ 394,330	\$ 3,272	\$ 8,477	459,379	\$ 504,942	21,498,861	15,124,120	10,062,002	6,453,296
Debt service fund	1	1	1	1	1	1	1	2	2	-
Total all other governmental funds	<u>\$ 68,810</u>	<u>\$ 394,331</u>	<u>\$ 3,273</u>	<u>\$ 8,478</u>	<u>\$ 682,599</u>	<u>\$ 504,943</u>	<u>\$ 24,199,834</u>	<u>\$ 22,837,013</u>	<u>\$ 15,626,814</u>	<u>\$ 12,664,641</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 10,136,012	\$ 10,376,158	\$ 10,643,673	\$ 10,966,574	\$ 11,625,900	\$ 12,002,297	\$ 12,802,489	\$ 13,049,229	\$ 13,233,744	\$ 13,362,701
Tuition	52,745	52,971	69,268	66,788	39,234	33,570	15,800	-	-	5,050
Miscellaneous	30,362	60,913	100,114	68,309	79,629	21,112	540,860	220,869	162,069	248,702
State sources	6,890,540	7,675,392	7,268,685	7,467,746	8,213,778	10,138,756	11,290,575	12,384,278	16,541,269	18,173,036
Federal sources	692,353	577,233	599,276	563,108	572,055	608,636	340,370	1,102,971	1,312,361	1,177,701
Total revenue	17,802,012	18,742,668	18,681,017	19,132,525	20,530,596	22,804,371	24,990,094	26,757,347	31,249,443	32,967,190
Expenditures										
Instruction										
Regular Instruction	4,944,335	5,018,079	5,042,670	5,027,477	5,374,906	5,667,051	5,456,007	6,076,135	6,581,960	7,028,868
Special education instruction	1,307,407	1,290,654	1,337,392	1,605,807	1,419,284	1,452,456	1,451,539	1,429,257	1,598,366	1,870,492
Other special instruction	558,028	593,717	526,119	605,155	632,386	699,547	672,705	631,784	751,106	897,743
Support Services:										
Tuition	941,609	1,059,862	1,047,738	884,398	858,063	951,733	891,820	621,085	912,708	950,592
Student & instruction related services	1,721,586	1,682,056	1,815,612	1,770,677	1,904,364	1,957,263	2,072,528	2,391,197	2,747,033	3,045,890
School administrative services	640,801	623,874	629,053	714,014	730,993	806,666	801,123	816,552	861,881	970,117
Other administrative services	764,277	897,592	893,097	979,750	927,389	1,007,372	1,049,866	984,464	1,087,852	1,217,499
Plant operations and maintenance	1,195,269	1,253,185	1,281,953	1,220,880	1,253,391	1,402,328	1,553,952	1,520,051	1,799,898	1,861,782
Pupil transportation	408,196	464,999	538,842	534,132	443,149	585,236	395,220	385,373	497,362	769,520
Unallocated employee benefits	3,712,487	3,878,768	4,321,120	4,517,526	5,155,928	5,733,229	6,309,844	6,352,985	8,126,024	8,506,139
Summer School										
Charter School	18,250	15,151	32,564	51,716	29,528	13,876	30,634	11,375	20,259	-
Capital Outlay	139,274	1,205,481	1,071,876	316,497	229,857	2,593,163	3,101,888	3,357,418	10,121,504	6,466,127
Debt service:										
Principal	890,000	955,000	420,000	440,000	455,000	470,000	485,000	500,000	1,860,000	1,935,000
Interest and other charges	359,044	320,390	292,125	277,250	263,825	249,950	238,050	620,568	655,698	633,925
Total expenditures	17,600,564	19,258,806	19,250,161	18,945,277	19,678,063	23,589,870	24,510,176	25,698,244	37,621,651	36,153,694
Excess (Deficiency) of revenues over (under) expenditures	201,448	(516,138)	(569,144)	187,247	852,533	(785,499)	479,918	1,059,103	(6,372,208)	(3,186,504)
Other Financing Sources (uses)										
Bond Proceeds				0	-	-	23,800,000			
Transfers in					796,956	2,553,905	2,500,000	2,217,258	3,229,262	4,285,182
Transfers out					(796,956)	(2,553,905)	(2,500,000)	(2,217,258)	(3,229,262)	(4,285,182)
Total other financing sources (uses)	-	-	-	-	-	-	23,800,000	-	-	-
Net change in fund balances	\$ 201,448	\$ (516,138)	\$ (569,144)	\$ 187,247	\$ 852,533	\$ (785,499)	\$ 24,279,918	\$ 1,059,103	\$ (6,372,208)	\$ (3,186,504)
Debt service as a percentage of noncapital expenditures	7.2%	7.1%	3.9%	3.9%	3.7%	3.4%	3.4%	5.0%	9.1%	8.7%

Source: ACFR Schedule B-2

DUNELLEN SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 3,098	\$ 9,935	\$ 52,745	\$ 7,357	\$ 73,136
2015	2,713	24,245	52,971	23,972	103,901
2016	1,839	28,382	69,268	66,606	166,096
2017			66,788	60,336	127,123
2018	2,815		39,234	70,960	113,009
2019	2,511		33,570	18,582	54,663
2020	12,300		15,800	528,560	556,660
2021	40,226	59,632	-	30,042	129,900
2022	35,425	5,170	-	9,720	50,315
2023	32,261	2,483	5,050	37,764	77,558

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Apartment	Commercial	Industrial	Total Assessed Value	Less:	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
							Tax- Exempt Property				
2014	\$682,300	\$124,567,150	\$1,514,200	\$14,244,100	\$3,136,300	\$144,144,076		\$26	\$144,144,076	\$6.979	\$569,449,462
2015	664,000	124,540,800	1,514,200	14,292,400	3,136,300	144,147,726		26	144,147,726	7.115	553,084,033
2016	581,200	124,891,400	1,514,200	14,232,100	3,136,300	144,355,226		26	144,355,226	7.281	568,041,053
2017	566,500	125,040,800	1,514,200	14,073,200	3,136,300	144,331,025		25	144,331,025	7.486	593,466,308
2018	459,100	125,333,000	1,514,200	14,133,200	3,136,300	144,575,824		24	144,575,824	7.813	601,419,131
2019	497,300	125,490,900	1,514,200	14,113,200	3,136,300	162,718,625	\$17,966,700	25	144,751,925	8.161	597,114,728
2020	1,656,900	559,917,700	7,727,400	69,589,200	16,364,800	706,870,425	51,614,400	25	655,256,025	1.893	622,635,344
2021	6,681,700	560,138,300	7,727,400	68,916,400	6,814,800	701,893,100	51,614,400	100	650,278,700	1.988	647,453,489
2022	7,941,300	607,958,600	8,138,200	63,758,400	7,407,900	749,136,901	53,932,500	1	695,204,401	1.891	691,881,296
2023	7,837,300	708,649,100	9,744,300	65,185,800	7,064,200	852,719,700	54,239,000	-	798,480,700	1.665	775,872,344

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Dunellen Board of Education			Borough of Dunellen	Library	Middlesex County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct				
2014	\$6.243	\$0.736	\$6.979	\$3.280		\$1.512	\$11.771
2015	\$6.368	\$0.747	\$7.115	\$3.278		\$1.525	\$11.918
2016	\$7.220	\$0.061	\$7.281	\$3.331		\$1.564	\$12.176
2017	\$7.434	\$0.052	\$7.486	\$3.389		\$1.612	\$12.487
2018	\$7.316	\$0.497	\$7.813	\$3.490		\$1.656	\$12.959
2019	\$7.802	\$0.359	\$8.161	\$3.706		\$1.638	\$13.505
2020	\$1.783	\$0.110	\$1.893	\$0.842		\$0.368	\$3.103
2021	\$1.876	\$0.112	\$1.988	\$0.872		\$0.389	\$3.249
2022	\$1.786	\$0.105	\$1.891	\$0.824		\$0.392	\$3.107
2023	\$1.573	\$0.092	\$1.665	\$0.721		\$0.374	\$2.760

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

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

Exhibit J-8

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Dunellen Associates	\$ 2,100,000	1	1.45%	\$ 2,100,000	1	1.47%
Provident Savings Bank	404,400	2	0.28%	594,000	2	0.42%
Verizon	309,000	3	0.21%			
Sunrise Industries	400,000	4	0.28%	453,000	3	0.32%
Retail Development Assoc.	401,600	5	0.28%	401,600	4	0.28%
A&M Gardens, Inc.	375,000	6	0.26%	375,000	6	0.0026
UMI Associates	374,000	7	0.26%	400,000	5	0.28%
Friend Well Plaza	855,100	8	0.59%			
Peter J. Riccio	322,000	9	0.22%	322,000	7	0.23%
Summit Federal Savings	236,000	10	0.16%	-		
Valstir, LLC				300,000	10	0.21%
Ronald Papieo				309,000	8	0.22%
Petra Heleniak				300,800	9	0.21%
Total	\$ 5,777,100		4.00%	\$ 5,555,400		3.90%

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$10,136,012	\$10,136,012	100.00%	-
2015	\$10,376,158	\$10,376,158	100.00%	-
2016	\$10,643,673	\$10,643,673	100.00%	-
2017	\$10,966,574	\$10,966,574	100.00%	-
2018	\$11,625,900	\$11,625,900	100.00%	-
2019	\$12,002,297	\$12,002,297	100.00%	-
2020	\$12,802,489	\$12,802,489	100.00%	-
2021	\$13,049,229	\$13,049,229	100.00%	-
2022	\$13,233,744	\$13,233,744	100.00%	-
2023	\$13,362,701	\$13,362,701	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2014	\$10,195,000	-0-	-0-	-0-	-0-	\$10,195,000	2.76%	\$1,387
2015	\$9,305,000	-0-	-0-	-0-	-0-	\$9,305,000	2.40%	\$1,261
2016	\$8,885,000	-0-	-0-	-0-	-0-	\$8,885,000	2.25%	\$1,203
2017	\$7,930,000	-0-	-0-	-0-	-0-	\$7,930,000	2.01%	\$1,075
2018	\$7,035,000	-0-	-0-	-0-	-0-	\$7,035,000	1.90%	\$1,016
2019	\$6,565,000	-0-	-0-	-0-	-0-	\$6,565,000	1.57%	\$903
2020	\$29,880,000	-0-	-0-	-0-	-0-	\$29,880,000	6.79%	\$4,149
2021	\$29,380,000	-0-	-0-	-0-	-0-	\$29,380,000	6.48%	\$4,114
2022	\$27,520,000	-0-	-0-	-0-	-0-	\$27,520,000	5.46%	\$3,636
2023	\$25,585,000	-0-	-0-	-0-	-0-	\$25,585,000	4.81%	\$3,378

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

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

Exhibit J-11

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	\$9,305,000	-0-	\$9,305,000	6.46%	\$1,387
2015	\$8,350,000	-0-	\$8,350,000	5.79%	\$1,261
2016	\$7,930,000	-0-	\$7,930,000	5.49%	\$1,203
2017	\$7,490,000	-0-	\$7,490,000	5.19%	\$1,075
2018	\$7,035,000	-0-	\$7,035,000	4.87%	\$1,016
2019	\$6,565,000	-0-	\$6,565,000	4.54%	\$903
2020	\$29,880,000	-0-	\$29,880,000	4.56%	\$4,149
2021	\$29,380,000	-0-	\$29,380,000	4.52%	\$4,114
2022	\$27,520,000	-0-	\$27,520,000	3.96%	\$3,636
2023	\$25,585,000	-0-	\$25,585,000	3.20%	\$3,378

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

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

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

**Dunellen School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Borough of Dunellen	\$ 9,025,640	100.000%	\$ 9,025,640
Other debt Middlesex County	423,106,469	0.654%	<u>2,769,093</u>
Subtotal, overlapping debt			11,794,733
Dunellen School District Direct Debt			<u>25,585,000</u>
Total direct and overlapping debt			<u><u>\$ 37,379,733</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis

2020	674,003,624
2021	739,107,379
2022	847,014,639
[A]	<u>\$ 2,260,125,642</u>

Average equalized valuation of taxable property [A/3] \$ 753,375,214

Debt limit (4 % of average equalization value) [B] 30,135,009

Net school debt [C] 25,585,000

Legal debt margin [B-C] \$ 4,550,009

Fiscal Year

	<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	\$ 23,883,356	\$ 22,711,681	\$ 23,057,618	\$ 23,057,618	\$ 17,584,955	\$ 18,039,003	\$ 24,665,486	\$ 25,790,548	\$ 27,453,355	\$ 30,135,009
Total net debt applicable to limit	<u>10,195,000</u>	<u>9,305,000</u>	<u>7,930,000</u>	<u>7,490,000</u>	<u>7,035,000</u>	<u>6,565,000</u>	<u>29,880,000</u>	<u>29,380,000</u>	<u>27,520,000</u>	<u>25,585,000</u>
Legal debt margin	<u>\$ 13,688,356</u>	<u>\$ 13,406,681</u>	<u>\$ 15,127,618</u>	<u>\$ 15,567,618</u>	<u>\$ 10,549,955</u>	<u>\$ 11,474,003</u>	<u>\$ (5,214,514)</u>	<u>\$ (3,589,452)</u>	<u>\$ (66,645)</u>	<u>\$ 4,550,009</u>
Total net debt applicable to the limit as a percentage of debt limit	42.69%	40.97%	34.39%	32.48%	40.01%	36.39%	121.14%	113.92%	100.24%	84.90%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2014	7,277	\$ 387,695,346	\$ 53,501 R	3.7%
2015	7,285	\$ 395,289,984	\$ 54,542 R	4.9%
2016	7,283	\$ 405,108,760	\$ 56,207 R	4.3%
2017	7,259	\$ 418,910,254	\$ 57,889 R	4.2%
2018	7,257	\$ 418,737,460	\$ 60,547 R	3.6%
2019	7,229	\$ 418,852,656	\$ 62,665 R	3.2%
2020	7,195	\$ 439,790,130	\$ 66,640 R	9.0%
2021	7,141	\$ 453,146,437	\$ 70,221 R	5.7%
2022	7,568	\$ 504,331,520	\$ 70,221 *	3.1%
2023	7,575	\$ 531,924,075	\$ 70,221 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

P =Projected

* Current data unavailable

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

Exhibit J-15

N/A

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
	<hr/>		<hr/>	<hr/>		<hr/>
	-		0.00%	-		0.00%

Source:

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

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

Exhibit J-16

<u>Function/Program</u>	<u>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	83.0	83.0	83.0	83.0	85.0	86.0	88.0	88.0	87.0	87.1
Special education	26.0	27.0	28.0	29.0	30.0	31.0	31.0	31.0	28.0	29.0
Other special education	10.3	10.3	10.3	10.3	12.0	12.0	12.0	12.0	12.0	10.0
Other Instruction	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0
Support Services:										
Student & instruction related services	12.0	12.0	12.0	13.0	13.0	13.0	13.0	14.0	14.0	18.0
School administrative services	11.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.4	13.0
Business administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services and admin IT	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	9.0
Plant operations and maintenance	1.0	1.0	16.0	16.0	16.0	16.0	16.0	16.0	14.0	24.0
Food Service	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0
Total	154.4	156.4	173.4	175.4	180.1	182.1	184.1	185.1	179.0	192.1

Source: District Personnel Records

Dunellen School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment ^d	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2014	1,168	\$16,212,246	\$13,880	1.33%	108	1:11	1:11	1:11	1,150.6	1,091.6	0.54%	94.9%
2015	1,155	16,777,935	14,526	4.65%	109	1:11	1:11	1:11	1,158.9	1,102.3	0.72%	95.1%
2016	1,127	17,466,160	15,498	6.69%	110	1:10	1:10	1:10	1,127.0	1,087.6	-2.75%	96.5%
2017	1,187	17,911,530	15,090	-2.63%	110	1:11	1:11	1:11	1,187.0	1,089.9	5.32%	91.8%
2018	1,211	18,959,238	15,656	3.75%	112	1:11	1:11	1:11	1,211.0	1,138.3	2.02%	94.0%
2019	1,239	22,869,920	18,458	17.90%	114	1:11	1:11	1:11	1,239.0	1,178.0	2.31%	95.1%
2020	1,250	23,787,126	19,030	3.10%	116	1:11	1:11	1:11	1,256.0	1,215.0	1.37%	96.7%
2021	1,237	24,577,676	19,869	4.41%	116	1:11	1:11	1:11	1,222.5	1,162.1	-2.67%	95.1%
2022	1,215	35,105,953	28,894	45.42%	115	1:11	1:11	1:11	1,232.7	1,163.9	0.83%	94.4%
2023	1,311	33,584,769	25,618	-11.34%	116	1:11	1:11	1:11	1,302.0	1,225.7	5.62%	94.1%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2

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

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

d Enrollment for FY2009 forward includes student counts for tuition students.

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

Exhibit J-18

	<u>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>
<u>District Building</u>										
<u>Elementary</u>										
JOHN P. FABER										
Square Feet	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961	77,961
Capacity (students)	610	610	610	610	610	610	610	610	610	610
Enrollment	551	556	512	512	550	576	604	592	587	623
<u>Middle School</u>										
LINCOLN MIDDLE SCHOOL										
Square Feet	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248	26,248
Capacity (students)	301	301	301	301	301	301	301	301	301	301
Enrollment	277	280	289	289	296	284	290	288	278	300
<u>High School</u>										
DUNELLEN HIGH SCHOOL										
Square Feet	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881	81,881
Capacity (students)	432	432	432	432	432	432	432	432	432	432
Enrollment	323	319	345	345	365	379	356	357	350	388

Number of Schools at June 30, 2023
Elementary = 1

Source: District records, ASSA

Middle = 1
Senior High School = 1

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

DUNELLEN SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Dunellen High School		\$ 70,372	\$ 63,792	\$ 96,805	\$ 132,964	\$ 118,390	\$ 118,390	\$ 118,390	\$ 118,390	\$ 128,530	\$ 128,530	\$ 1,094,553
John P. Faber School		67,173	60,892	92,405	126,598	112,721	112,721	112,721	112,721	122,375	122,375	1,042,702
Lincoln Middle School		<u>22,391</u>	<u>20,297</u>	<u>30,802</u>	<u>42,623</u>	<u>37,951</u>	<u>78,938</u>	<u>43,316</u>	<u>1,920</u>	<u>2,084</u>	<u>(15,278)</u>	<u>265,044</u>
Total School Facilities		159,936	144,981	220,012	302,185	269,062	310,049	274,427	233,031	252,989	235,627	2,402,299
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<u>\$ 159,936</u>	<u>\$ 144,981</u>	<u>\$ 220,012</u>	<u>\$ 302,185</u>	<u>\$ 269,062</u>	<u>\$ 310,049</u>	<u>\$ 274,427</u>	<u>\$ 233,031</u>	<u>\$ 252,989</u>	<u>\$ 235,627</u>	<u>\$ 2,402,299</u>

DUNELLEN SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2023

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dunellen School District Board of Education in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dunellen School District Board of Education's basic financial statements, and have issued our report thereon dated January 12, 2024.

Internal Control Over Financial Reporting

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

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

-Continued-

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2023-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Dunellen School District, in a separate letter dated January 12, 2024 entitled "Auditor's Management Report on Administrative Findings".

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024



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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB circular 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Dunellen School District Board of Education's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The Dunellen School District Board of Education's major federal and 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 Dunellen School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and 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); the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, 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 Dunellen School District Board of Education, 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Dunellen School District Board of Education's compliance with the compliance requirements referred to above.

-Continued-

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

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**, the 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, the 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 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance, and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as finding 2023-002. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

-Continued-

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 12, 2024

DUNELLEN SCHOOL DISTRICT

K-4

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

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
									(ACCTS. RECEIV.)	INTERFUND PAYABLE/ REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education														
General Fund:														
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 11,354,675			\$ 11,354,675	\$ (11,354,675)						\$ 1,127,100	\$ 11,354,675
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	76,133			76,133	(76,133)						7,557	76,133
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	1,045,367			1,045,367	(1,045,367)						103,766	1,045,367
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	361,377			361,377	(361,377)						35,872	361,377
Extraordinary Aid	22-495-034-5123-044	7/1/21-6/30/22	186,985	\$ (186,985)		186,985								186,985
Extraordinary Aid	23-495-034-5123-044	7/1/22-6/30/23	230,054				(230,054)		\$ (230,054)					230,054
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	2,952,824			2,952,824	(2,952,824)							2,952,824
On Behalf TPAF Pension PRM	23-495-034-5094-001	7/1/22-6/30/23	775,700			775,700	(775,700)							775,700
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	1,724			1,724	(1,724)							1,724
Reimbursed TPAF Soc.Secur.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	668,914	(96,854)		698,133	(668,914)			(67,635)				668,914
Total General Fund				(283,839)		17,452,918	(17,466,768)			(297,689)			1,274,295	17,653,753
Special Revenue Fund:														
SDA Grant - Emergent and Capital Aid	23-100-034-5120-519	7/1/21-6/30/22	29,584			-	-			(29,584)	\$ 29,584			
School Climate Change Pilot	23-100-034-5063-359	4/1/22-6/30/23	6,660				(6,660)			(6,660)				6,660
Total Special Revenue Fund							(6,660)			(36,244)	29,584			6,660
Debt Service Fund:														
Debt Service Aid Type 2	23-100-034-5123-124	7/1/22-6/30/23	1,022,742			1,022,742	(1,022,742)							1,022,742
Total Debt Service Fund						1,022,742	(1,022,742)							1,022,742
State Department of Agriculture:														
Enterprise Fund:														
Nat.School Lunch Prog.(State Share)	22-100-010-3350-023	7/1/21-6/30/22		(1,389)		1,389								
Nat.School Lunch Prog.(State Share)	23-100-010-3350-023	7/1/22-6/30/23	14,603			14,147	(14,603)			(456)				14,603
Total Enterprise Fund				(1,389)		15,536	(14,603)			(456)				14,603
Total State Financial Assistance				\$ (285,228)		\$ 18,491,196	\$ (18,510,773)			\$ (334,389)	\$ 29,584		\$ 1,274,295	\$ 18,697,758
Less On-behalf TPAF Pension Amounts:														
On Behalf TPAF Pension	23-495-034-5094-002						2,952,824							
On Behalf TPAF Pension PRM	23-495-034-5094-001						775,700							
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						1,724							
Total State Expenditures Subject to Major Program Determination							\$ (14,780,525)							

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

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$162,210) for the general fund and (\$164,672) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,848	\$ 17,304,558	\$ 17,315,406
Special Revenue Fund	1,166,853	6,660	1,173,513
Debt Service Fund		861,818	861,818
Food Service Fund	<u>536,884</u>	<u>14,603</u>	<u>551,487</u>
Total Financial Assistance	<u>\$ 1,714,585</u>	<u>\$ 18,187,639</u>	<u>\$ 19,902,224</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Education Stabilization Fund:</u>		
84.425D	S425D220027	CRRSA/CARES
84.425U	S425U220027	American Rescue Plan (ARP)

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

Auditee qualified as low-risk auditee? x Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x Yes No

Internal Control over major programs:
1) Material weakness(es) identified? Yes x No

2) Were significant deficiencies identified that were not considered to be material weaknesses? Yes x No

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? Yes x No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

23-495-034-5122-078

Equalization Aid (State Aid Cluster)

23-495-034-5122-089

Special Education Aid (State Aid Cluster)

23-495-034-5122-084

Security Aid (State Aid Cluster)

23-495-034-5094-003

Reimbursed TPAF Soc.Secur.Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement

Finding 2023-001

Criteria or Specific Requirement:

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

Condition:

The monthly cash account bank reconciliations for the governmental, enterprise, and payroll agency funds were prepared incorrectly.

Context:

Initial reconciliation differences of \$134,674 were identified as of June 30, 2023, which comprise 1.7% of the district's June 30, 2023 cash balance related to the governmental, enterprise, and payroll agency funds. Subsequently, in January 2024, the district correctly prepared the fiscal year 2023 reconciliations, which identified net interfund in-transit items of \$286,894 as of June 30, 2023 that were recorded in the general ledger but were not physically transferred between bank accounts, and other adjustments of \$180,704 as of June 30, 2023 that cleared the bank, but were not recorded in the general ledger.

Effect:

\$180,704 of cumulative differences were recorded as of June 30, 2023 to correct the general ledger accounts.

Cause:

Lack of internal controls over the monitoring of the bank reconciliation process, resulting in transactions not recorded in the general ledger, or not transferred between bank accounts.

Recommendation:

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

Views of management and planned corrective actions:

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

State Awards N/A

Federal Awards

Finding 2023-002

Criteria or Specific Requirement:

Cash receipts for federal grants should be requested to be paid on a reimbursement basis subsequent to federal grant expenditures.

Condition:

Requests for federal grant payments (draw downs) exceeded expenditures for various programs. Grant awards were drawn down without supporting documentation for related expenditures. Related expenditures were encumbered and disbursed in the subsequent fiscal year.

Questioned Costs:

N/A

Context:

The excess draw downs of \$69,060 are 5.3% of federal expenditures.

Effect:

Excess cash of \$69,060 was drawn down in advance of the related expenditure for the ARP-IDEA and ARP IDEA Preschool grants.

Cause:

Lack of controls over federal grant cash management monitoring.

Recommendation:

The board should monitor federal programs and request cash reimbursements subsequent to the program expenditure.

Views of management and planned corrective actions:

The district plans to develop controls to request grant award payments on a reimbursement basis.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS

N/A

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