

SCHOOL DISTRICT
OF
BOROUGH
OF
CHESILHURST

Borough of Chesilhurst Board of Education
Chesilhurst, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

Comprehensive Annual Financial Report

of the

Borough of Chesilhurst Board of Education

Chesilhurst, New Jersey

For the Fiscal Year Ended June 30, 2009

Prepared by

Borough of Chesilhurst Board of Education

Business Administrator

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Introductory Section

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CHESILHURST BOARD OF EDUCATION

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CHESILHURST, NEW JERSEY 08089
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ABDI H. GASS, CPA, MBA
Chief School Administrator
Email: somlandrep@aol.com

“Today we learn,
tomorrow we lead!”

October 26, 2009

Honorable President and
Members of the Board of Education
Borough of Chesilhurst School District
Chesilhurst, New Jersey 08089

Dear Board Members:

The comprehensive annual financial report of the Borough of Chesilhurst Board of Education for the fiscal year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and State Treasury Circular Letter 04-04 OMB, *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 structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Chesilhurst Board of Education is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Borough of Chesilhurst Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K – 6. These include regular, as well as special education for handicapped students. The District completed the 2008-2009 fiscal year with an average enrollment of 103 students, which is 1 student less than the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Average Daily Student Enrollment	Percent Change
2008-2009	103	(.01%)
2007-2008	104	(11.86%)
2006-2007	118	(.84%)
2005-2006	119	(21%)
2004-2005	150	4%
2003-2004	144	(.69%)
2002-2003	145	(6%)
2001-2002	154	(14%)
2000-2001	180	14%
1999-2000	158	4%

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of Chesilhurst is a rural community in Camden County and is currently not experiencing any significant development or expansion.

3) MAJOR INITIATIVES:

The Shirley B. Foster School has come to the end of the 2008-09 school year and has begun getting ready for the 2009-2010 school year. It is necessary to provide an update about the academic progress of our students and some efforts that are being undertaken to further improve the student performance. As you know, the collaborative interaction of our stakeholders in Chesilhurst can realistically strive to make Shirley B. Foster Elementary a “blue ribbon school”.

The District administration is pleased to report that finally in 2008, the Shirley B. Foster School has met the Annual Yearly Progress (AYP). All of the instructional strategies implemented over the last five years have finally resulted in the improved student academic performance as measured by the NJ ASK tests. In 2008-09, the District has continued to engage the services of The Brooks Firm to assist in aligning the curriculum in all academic areas. Dr. Brooks also monitored the implementation in the effective use of the revised curriculum. A literacy coach continued to provide modeling of instruction in the classrooms.

The District has also continued to employ a Lead Teacher, who provides overall coordination of educational activities while at the same time providing both enrichment and remedial services to students identified by the teaching staff. The school continued to offer an After School Program to provide additional assistance for students who are in need of enrichment and remediation.

The teaching staff were being trained in the areas of classroom management and academic data decision making. There were also regularly scheduled articulation meetings planned to provide opportunities for staff collaboration. All the stakeholders, including parents and community members, were being invited to participate in the educational program of our students. At our Back-to-School night, many parents signed up for volunteer activities in the school.

A new Home & School Association continued to strengthen our partnership and be an active participant in developing strategies to further enhance parental involvement.

In 2009-10, the School Board expanded shared services with Winslow Township as we were convinced by the County Department of Education that the students would receive a more comprehensive education. We were informed that our school building was not up to code, and that our educational program lacked Gifted and Talented, Foreign Language, and expansive Music programs. As a result of the expanded shared services agreement, our pre-K through six grades began attending Winslow Township Schools in September 2009.

As a result of the pending expanded shared services with Winslow Township, the 2009 NJ ASK test results were negatively affected; and this was further exacerbated with the mid-year state initiative of raising NJ ASK proficiency levels for 3rd and 4th graders in Language Arts and Math. The student performance in NJ ASK might have also been affected by a fire at the Shirley B. Foster Elementary School on January 26, 2009. One wing of the school was cordoned off by order of the Fire Marshal and state inspectors for repairs. This was done to allow us to re-open a portion of the school to resume students' instruction. As of today, the work is not yet completed in the wing damaged by the fire. In an effort to provide continuity of instruction, we have been using the gym in the Community Center for instructional space.

Moreover, in response to the negative reaction of the community to the expanded shared services, in October 2009, the Board has directed the Administration to explore ways and means to bring our building up to code and to enhance the educational programs. Additional factors that caused the Board to re-evaluate its decision included but was not limited to:

- The District should not have been included with Districts that had no schools. This error jeopardizes the use of our school building for educational purposes and the 34 years of accumulated educational related equipment and materials.
- Legislation signed by the Governor of New Jersey on June 30, 2009 voids the three year memorandum of agreement with Winslow that guaranteed the taxpayers no increase in school taxes for three years. Also, this legislation denies our residents the right to vote for or against consolidation with Winslow Township.
- The District anticipated a rental fee from Winslow Township for use of the school facilities that did not materialize.
- The Board underestimated the passion the residents felt for the school.

Last, but not least, our gratitude and appreciation is extended to the stakeholders, our concerned residents, who supported our school by passing our 2008-09 and 2009-10 school budgets. Our goal now is to harness this enthusiasm and use it as a springboard to improved academic achievement across all grade levels wherever our students are. With the continued support of the community, we will be successful.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 the District management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management. Each month a printout is given of all funds available, expenditures against those funds and the balance available to spend.

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2009.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Swartz & Co., LLC, CPAs, 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, OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGEMENTS:

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

Respectfully submitted,

Abdi H. Gass
Chief School Administrator



Frank Badessa
Business Administrator/Board Secretary

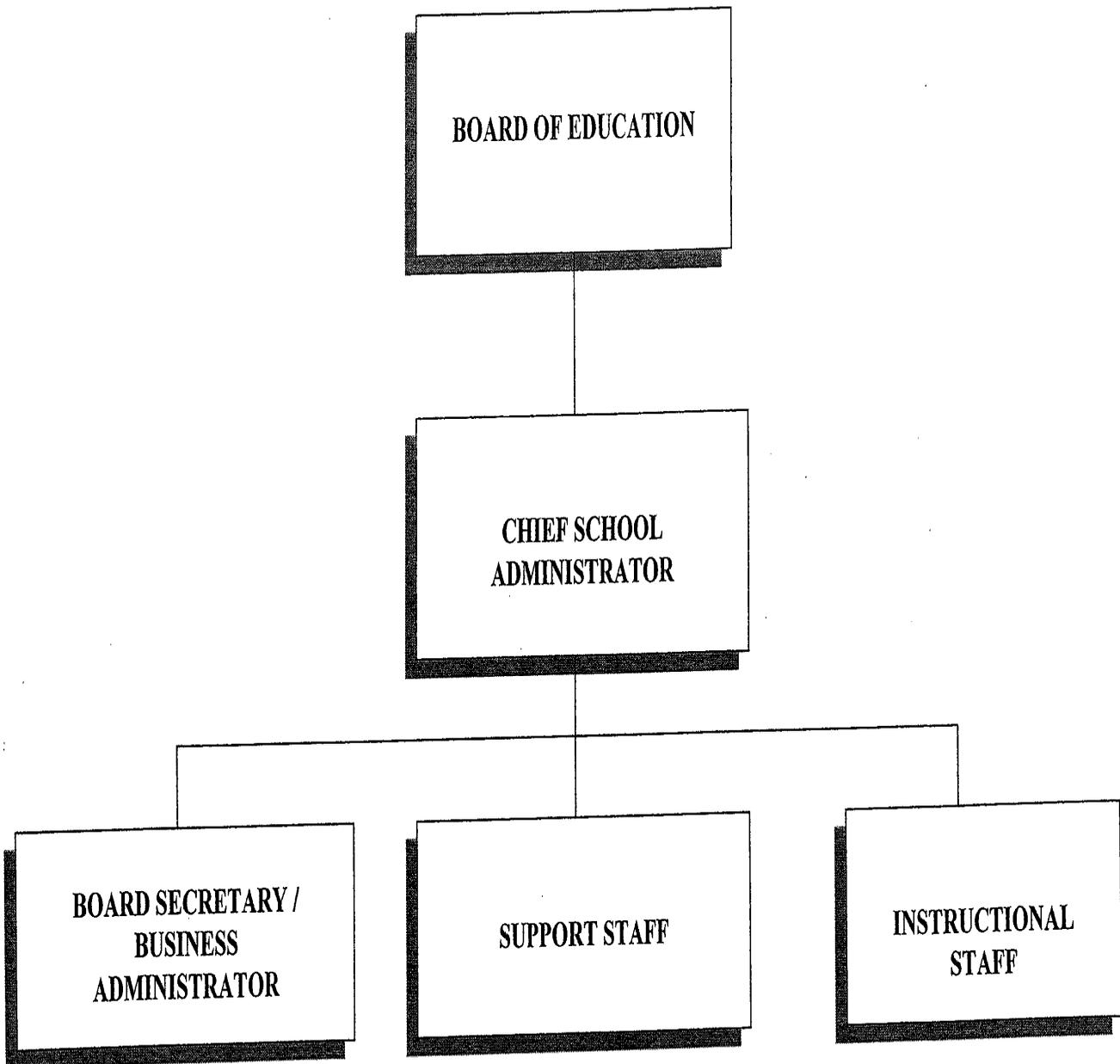


BOROUGH OF CHESILHURST BOARD OF EDUCATION

Chesilhurst, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



BOROUGH OF CHESILHURST BOARD OF EDUCATION

**Roster of Officials
June 30, 2009**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Derek Kennedy, President	2011
Sharika Munford, Vice President	2012
Maria C. Littles	2010
Tresa Worthington	2010
Henrietta Coombs	2010
Andy Plaza	2011
Rhonda Moore	2012

Other Officials

Abdi H. Gass, Chief School Administrator

Frank Badessa, Board Secretary/Business Administrator

John Deserable, Treasurer

Emmett E. Primas, Jr., Solicitor

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Swartz & Company, LLC
Certified Public Accountants
1409 Cantillon Blvd.
PO Box 548
Mays Landing, NJ 08330

Attorney

Emmett E. Primas, Jr.
20 E. Centre Street
Woodbury, NJ 08096

Official Depository

TD Bank
1701 Route 70 East
Cherry Hill, NJ 08034

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Financial Section

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Borough of Chesilhurst School District
County of Camden, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Chesilhurst School District in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Chesilhurst Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, of the Borough of Chesilhurst Board of Education, in the County of Camden, State of New Jersey, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2009 on our consideration of the Borough of Chesilhurst Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information as included on the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chesilhurst Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements of the Borough of Chesilhurst Board of Education in the County of Camden, State of New Jersey. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Kenneth W. Moore, CPA

Licensed Public School Accountant
No. CS00499

Swartz & Co., LLC

Swartz & Co., LLC

October 26, 2009

Required Supplementary Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Chesilhurst School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District decreased approximately \$44,000. The District had a decrease in interest revenue as well as a decrease in miscellaneous revenue.
- The State of New Jersey reimbursed the District \$119,098 during the fiscal year ended June 30, 2009 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2009, the District had excess fund balance in the amount of \$758,554 of which \$316,449 has been included in the 2009-2010 budget and the remaining \$442,105 will be included in the 2010-11 budget.
- During the fiscal year ended June 30, 2009, the District's expenditures exceeded revenues and special items by approximately \$8,700. During the prior fiscal year, expenditures exceeded revenues by approximately \$62,000.
- In the District's business-type activities, net assets increased approximately \$16,600 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service and after school program.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Borough of Chesilhurst Board of Education’s
Government-wide and Fund Financial Statements
(Figure A-1)**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and after school programs and student activities	Activities the District operates similar to private businesses; food service and after school programs	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets

Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
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Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Borough's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food program and after school program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's governmental activities net assets decreased approximately \$44,000 between fiscal years 2008 and 2009. The business-type activities net assets increased approximately \$16,600 during the current year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,258,514	1,109,444	12,389	19,573	1,270,903	1,129,017
Capital assets	272,362	260,428	5,924	6,704	278,286	267,132
Total assets	1,530,876	1,369,872	18,313	26,277	1,549,189	1,396,149
Long-term liabilities	20,730	14,003			20,730	14,003
Other liabilities	422,483	224,231		24,611	422,483	248,842
Total liabilities	443,213	238,234		24,611	443,213	262,845
Net assets						
Invested in Capital Assets	293,092	260,428			293,092	260,428
Restricted	761,741	756,031	5,924	6,704	767,665	762,735
Unrestricted	32,830	115,179	12,389	(5,038)	45,219	110,141
Total net assets	\$ 1,087,663	1,131,638	18,313	1,666	1,105,976	1,133,304

Changes in net assets. The total general fund revenue of the District decreased approximately \$44,000 due to decreases in interest and miscellaneous revenues.

Approximately 59% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's weighted enrollment, value of real property and income of the District's residents. However, under the new funding formula the District also receives Adjustment Aid to ensure that funding did not decrease below the aid provided under the prior legislation with a 2% increase for 2008-09. The Borough of Chesilhurst levies property taxes on properties located in the Borough. This tax is collected by the municipality and remitted to the District on a monthly basis. The District expenses are primarily related to instruction, administration, and plant operations.

	2009 Amount	Percentage of		2008 Amount	Percentage of	
		Total			Total	
Property taxes	\$ 791,164	17.93%		\$ 781,162	19.68%	
Unrestricted State aid	2,617,529	59.33%		2,441,525	61.52%	
Adjustments	683,877	15.50%		-	0.00%	
Miscellaneous	111,377	2.52%		314,969	7.94%	
Operating grants and contributions	207,896	4.71%		431,207	10.86%	
Totals	\$ 4,411,843	100.00%		3,968,863	100.00%	

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2009 fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenue						
Charges for services			6,395	7,062	6,395	7,062
Federal and state grants	\$ 207,896	431,207	60,676	57,289	268,572	488,496
General revenues					-	-
Property taxes	791,164	781,162			791,164	781,162
Investment income	6,088	29,128			6,088	29,128
State aid entitlements	2,617,529	2,441,525			2,617,529	2,441,525
Other adjustments	61,877				61,877	-
Miscellaneous	105,289	115,233			105,289	115,233
Total revenues	3,789,843	3,798,255	67,071	64,351	3,856,914	3,862,606
Expenses						
Instruction:						
Regular	900,735	878,483			900,735	878,483
Special Education	167,042	108,244			167,042	108,244
Other special instruction	21,354	19,988			21,354	19,988
Other Instruction					-	-
Support services:						
Tuition	1,666,988	1,884,517				
Student & instruction related	417,723	310,325			417,723	310,325
School admin services	16,377	15,247			16,377	15,247
General admin services	152,340	174,689			152,340	174,689
Plant operations/maint	192,994	220,934			192,994	220,934
Pupil transportation	191,857	205,734			191,857	205,734
Business and other support services	36,505	23,433			36,505	23,433
Unallocated					-	-
Summer School	19,903				19,903	-
Business-type activities			100,424	101,631	100,424	101,631
Total expenses	3,783,818	3,841,594	100,424	101,631	2,217,254	2,058,708
Excess (Deficiency) before						
Other Financing Sources/(Uses)	6,025	(43,339)	(33,353)	(37,280)	(27,328)	(80,619)
Other Financing Sources/(Uses)						
Adjustments to fixed assets						-
Cancellation of prior payables					-	-
Payment of prior unrecorded liabilities						-
Transfers	(50,000)	(45,000)	50,000	45,000	-	-
Compensated absences						-
					-	-
Increase (decrease) in net assets	(43,975)	(88,339)	16,647	7,720	(27,328)	(80,619)
Net assets – beginning	1,131,638	1,219,977	1,666	(6,054)	1,133,304	1,213,923
Net assets – ending	1,087,663	1,131,638	18,313	1,666	1,105,976	1,133,304

Business-type Activities

Revenues of the District's business-type activities increased \$2,700 from the previous year and expenses decreased by \$1,200.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$836,031 which is approximately \$49,000 less than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds.

Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by approximately \$19,000. This is a result of interest income earned and unanticipated miscellaneous revenue. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$509,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had invested over \$272,000, net of depreciation, in a broad range of capital assets, including land, buildings and equipment.

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 74,000	74,000			74,000	74,000
Site Improvements	34,765	13,039			34,765	13,039
Buildings and Building Improvements	133,452	145,798			133,452	145,798
Equipment	30,145	27,591	5,924	6,704	36,069	34,295
Total	<u>\$ 272,362</u>	<u>260,428</u>	<u>5,924</u>	<u>6,704</u>	<u>278,286</u>	<u>267,132</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 511 Edwards Avenue, Chesilhurst, NJ 08089.

BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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Borough of Chesilhurst Board of Education
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 743,683	14,020	757,703
Internal balance	17,756	(17,756)	-
Due from other funds	47,215		47,215
Due from other governments	449,860	15,525	465,385
Inventory		600	600
Capital assets not depreciated - Land	74,000		74,000
Capital assets, net	198,362	5,924	204,286
Total Assets	<u>1,530,876</u>	<u>18,313</u>	<u>1,549,189</u>
LIABILITIES			
Accounts payable	276,219		276,219
Due to other funds	55,328		55,328
Payable to state government	8,416		8,416
Deferred revenue	82,520		82,520
Noncurrent liabilities:			
Due beyond one year	20,730		20,730
Total liabilities	<u>443,213</u>	<u>-</u>	<u>443,213</u>
NET ASSETS			
Invested in capital assets, net of related debt	293,092	5,924	299,016
Restricted for:			
Encumbrances	3,187		3,187
Other purposes	758,554		758,554
Unrestricted	32,830	12,389	45,219
Total net assets	<u>\$ 1,087,663</u>	<u>18,313</u>	<u>1,105,976</u>

**Borough of Chesilhurst Board of Education
Statement of Activities
For the Year Ended June 30, 2009**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
Instruction:								
Regular	\$ 801,591	99,144		151,376		(749,359)		(749,359)
Special education	148,782	18,260				(167,042)		(167,042)
Other special instruction	19,019	2,335				(21,354)		(21,354)
Support services:								
Tuition	1,484,770	182,218				(1,666,988)		(1,666,988)
Student & instruction related services	372,061	45,662		56,520		(361,203)		(361,203)
General administrative services	135,688	16,652				(152,340)		(152,340)
School administrative services	14,587	1,790				(16,377)		(16,377)
Plant operations and maintenance	171,897	21,097				(192,994)		(192,994)
Pupil transportation	170,885	20,972				(191,857)		(191,857)
Business and other support services	32,515	3,990				(36,505)		(36,505)
Unallocated benefits	412,120	(412,120)				-		-
Special schools								
Summer school	19,903					(19,903)		(19,903)
Total governmental activities	3,783,818	-	-	207,896	-	(3,575,922)	-	(3,575,922)
Business-type activities:								
Food Service	100,424		6,395	60,676			(33,353)	(33,353)
Total business-type activities	100,424		6,395	60,676	-	-	(33,353)	(33,353)
Total primary government	\$ 3,884,242		6,395	268,572	-	(3,575,922)	(33,353)	(3,609,275)
General revenues:								
						791,164		791,164
						2,617,529		2,617,529
						6,088		6,088
						105,289		105,289
						(7,235)		(7,235)
						69,112		69,112
						(50,000)	50,000	-
Total general revenues, special items, extraordinary items and transfers						3,531,947	50,000	3,581,947
Change in Net Assets						(43,975)	16,647	(27,328)
Net Assets—beginning						1,131,638	1,666	1,133,304
Net Assets—ending						\$ 1,087,663	18,313	1,105,976

FUND FINANCIAL STATEMENTS

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Borough of Chesilhurst Board of Education
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 740,496	-	3,187	743,683
Due from other funds	64,971			64,971
Receivables from other governments	322,066	127,794		449,860
Other receivables	-			-
Total assets	<u>1,127,533</u>	<u>127,794</u>	<u>3,187</u>	<u>1,258,514</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	267,644	8,575		276,219
Due to other funds	21,618	33,710		55,328
Due to other governments		8,416		8,416
Deferred revenue	-	82,520		82,520
Total liabilities	<u>289,262</u>	<u>133,221</u>	<u>-</u>	<u>422,483</u>
Fund Balances:				
Reserved for:				
Encumbrances	3,472			3,472
Excess surplus	442,105			442,105
Excess surplus - designated for subsequent year's expenditures	316,449			316,449
Unreserved - designated for subsequent year's expenditures	82,807			82,807
Unreserved, reported in:				
General fund	(6,562)			(6,562)
Special revenue fund		(5,427)		(5,427)
Capital projects fund			3,187	3,187
Total Fund balances	<u>838,271</u>	<u>(5,427)</u>	<u>3,187</u>	<u>836,031</u>
Total liabilities and fund balances	<u>\$ 1,127,533</u>	<u>127,794</u>	<u>3,187</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 272,362

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. (20,730)

Net assets of governmental activities \$ 1,087,663

Borough of Chesilhurst Board of Education
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 791,164			791,164
Interest	6,088			6,088
Miscellaneous	105,289			105,289
State sources	2,617,529	64,164		2,681,693
Federal sources		143,732		143,732
Total revenues	<u>3,520,070</u>	<u>207,896</u>	<u>-</u>	<u>3,727,966</u>
EXPENDITURES				
Current:				
Regular instruction	650,870	141,860		792,730
Special education instruction	145,993			145,993
Other special instruction	18,663			18,663
Support services and undistributed costs:				
Tuition	1,456,933	-		1,456,933
Student & instruction related services	329,461	35,625		365,086
General administrative services	133,144			133,144
School administrative services	14,314			14,314
Plant operations and maintenance	168,675			168,675
Pupil transportation	167,681			167,681
Business and other support services	31,906			31,906
Unallocated Benefits	391,225	20,895		412,120
Special Schools				
Summer School	19,903			19,903
Total expenditures	<u>3,528,768</u>	<u>198,380</u>	<u>-</u>	<u>3,727,148</u>
Excess (Deficiency) of revenues over expenditures	<u>(8,698)</u>	<u>9,516</u>	<u>-</u>	<u>818</u>
Other Financing Sources/(Uses):				
Operating transfers out to Enterprise Fund	<u>(50,000)</u>			<u>(50,000)</u>
Total Other Financing Sources/(Uses):	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balances	(58,698)	9,516	-	(49,182)
Fund balance—July 1	896,969	(14,943)	3,187	885,213
Fund balance—June 30	<u>\$ 838,271</u>	<u>(5,427)</u>	<u>3,187</u>	<u>836,031</u>

**Borough of Chesilhurst Board of Education
 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, 2009**

Total net change in fund balances - governmental funds (from B-2) \$ (49,182)

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	(56,232)	
	Capital outlays	<u>6,289</u>	(49,943)

Loss on disposal of fixed assets (7,235)

Adjustment to prior year fixed assets 69,112

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

(6,727)

Change in net assets of governmental activities \$ (43,975)

**Borough of Chesilhurst Board of Education
Statement of Net Assets
Proprietary Funds
June 30, 2009**

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS	
Current assets:	
Cash	14,020
Accounts receivable	15,525
Inventories	600
Total current assets	30,145
Noncurrent assets:	
Furniture, machinery & equipment	26,900
Less accumulated depreciation	(20,976)
Total noncurrent assets	5,924
Total assets	36,069
LIABILITIES	
Current liabilities:	
Interfund payable	17,756
Total current liabilities	17,756
Total liabilities	17,756
NET ASSETS	
Unrestricted	18,313
Total net assets (deficit)	\$ 18,313

Borough of Chesilhurst Board of Education
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 6,395
Total operating revenues	<u>6,395</u>
Operating expenses:	
Salaries	36,795
Cost of sales	62,849
Depreciation	780
Total Operating Expenses	<u>100,424</u>
Operating income/(loss)	<u>(94,029)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	1,429
State school breakfast program	955
Federal sources:	
National school lunch program	34,559
National school breakfast program	14,576
Food distribution program	9,157
Total nonoperating revenues	<u>60,676</u>
Income before contributions & transfers	<u>(33,353)</u>
Transfers in	<u>50,000</u>
Change in net assets	16,647
Total net assets—beginning	<u>1,666</u>
Total net assets—ending	<u><u>\$ 18,313</u></u>

See Accompanying Notes to the Financial Statements

**Borough of Chesilhurst Board of Education
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

**Business-type Activities -
Enterprise Funds**

**Food
Service**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$	6,395
Payments to employees		(36,795)
Payments to cost of sales		(53,895)
Net cash (used in) operating activities		(84,295)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Sources		2,384
Federal Sources		42,707
Receipts from other funds		50,000
Net cash provided by non-capital financing activities		95,091

Net increase in cash and cash equivalents		10,796
Balances—beginning of year		3,224
Balances—end of year		14,020

**Reconciliation of operating income (loss) to net cash provided by
(used in) operating activities**

Operating (loss)		(94,029)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities		
Depreciation and net amortization		780
Commodities received		9,157
(Decrease) in inventories		(203)
Total adjustments		9,734
Net cash (used in) operating activities:	\$	(84,295)

**Borough of Chesilhurst Board of Education
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

	Unemployment Compensation	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 15,619	3,857
Interfund receivable	8,732	
	24,351	3,857
Total assets		
LIABILITIES		
Interfund payable		592
Claims payable	2,297	
Due to student groups		2,930
	2,297	3,522
Total liabilities		
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ 22,054	

**Borough of Chesilhurst Board of Education
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009**

	Unemployment Compensation
ADDITIONS	
Contributions	
Plan member contributions	\$ 2,370
District contributions	30,000
Interest	56
Total additions	32,426
DEDUCTIONS	
Miscellaneous deductions	68
Unemployment claims	17,968
Total deductions	18,036
Change in net assets	14,390
Net assets—beginning of the year	7,664
Net assets—end of the year	\$ 22,054

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Chesilhurst Board of Education is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A Chief School Administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Borough of Chesilhurst Board of Education (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

The Borough of Chesilhurst Board of Education is a Type II district located in the County of Camden, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Borough of Chesilhurst School District had an approximate enrollment at June 30, 2009 of 103 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.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue and capital project activities are classified as governmental activities. The District's food service program is classified as a business-type activity.

In the governmental-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service). The functions are also supported by general government revenues (property taxes, transportation, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, transportation, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are used to account for operations for which a fee is charged to external users for goods or services and the activity establishes fees and charges based on a pricing policy designated to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments), private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized in the District’s General Fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2009, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Supplies	\$ <u> 600</u>
Total Inventory	\$ <u> 600</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) 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.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

Buildings	10-50 years
Machinery and equipment	5-20 years
Improvements	10-20 years

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

8. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. The following material transfers were made to/(from) budgetary line items:

Account Name	Amount
Textbooks	(26,774)
Tuition to Other LEAs within State - Regular	172,449
Tuition to Other LEAs within State - Special	(99,560)
Tuition, Private School for Disabled - Special	85,147
Undistrib. Exp. - Other Support Svcs: Students - Related Svcs Purchased Professional Educational Services	(21,453)
Undistrib. Exp. - Other Support Svcs: Students - Special Purchased Professional Educational Services	61,444
Undistrib. Exp - Student Transportation Contracted between Home and School - Joint	23,101
Contracted Service (Regular Students) - ESCs & CTSA's	(36,954)

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the 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.

10. Encumbrances

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as 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.

11. Tuition Payable

Tuition charges for the fiscal years 2008/09 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the actual expenditures by program.

F. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2004, the Governmental Accounting Standards Board (GASB) adopted Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2010. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the financial position or results of operations can not be readily determined at this time.

NOTE 2. INVESTMENTS

As of June 30, 2009, the District had no investments.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2009, \$0 of the District's bank balance of \$1,040,069 was exposed to custodial credit risk.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

NOTE 4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:					
Capital assets that are not being depreciated:					
Land	\$ 74,000				74,000
Total capital assets not being depreciated	<u>74,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,000</u>
Bldg and bldg improve	556,377				556,377
Site Improvements	18,085	55,400	(11,200)		62,285
Machinery & equipment	123,344	20,001	(8,900)		134,445
Total at historical cost	<u>697,806</u>	<u>75,401</u>	<u>(20,100)</u>	<u>-</u>	<u>753,107</u>
Less accum depr for:					
Bldg and improve	(410,579)	(12,346)			(422,925)
Site Improvements	(5,046)	(26,939)	4,465		(27,520)
Equipment	(95,753)	(16,947)	8,400		(104,300)
Total accum deprec	<u>(511,378)</u>	<u>(56,232)</u>	<u>12,865</u>	<u>-</u>	<u>(554,745)</u>
Total capital assets being depr, net of accum depr	<u>186,428</u>	<u>19,169</u>	<u>(7,235)</u>	<u>-</u>	<u>198,362</u>
Governmental activities capital assets, net	<u>\$ 260,428</u>	<u>19,169</u>	<u>(7,235)</u>	<u>-</u>	<u>272,362</u>
Business-type activities:					
Equipment	26,900				26,900
Less accum depr for:					
Equipment	(20,196)	(780)			(20,976)
Business-type activities capital assets, net	<u>\$ 6,704</u>	<u>(780)</u>	<u>-</u>	<u>-</u>	<u>5,924</u>

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	13,530
Special education		2,491
Other special instruction		318
Tuition		24,863
Student & instruction related services		6,230
School administrative expenses		244
General and business administration		2,272
Plant operations and maintenance		2,878
Pupil Transportation		2,862
Business and other support services		544
	<u>\$</u>	<u>56,232</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Balance June</u> <u>30, 2008</u>	<u>Issued</u>	<u>Used</u>	<u>Balance June</u> <u>30, 2009</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences Payable	\$ 14,003	14,647	7,920	20,730	
	<u>\$ 14,003</u>	<u>14,647</u>	<u>7,920</u>	<u>20,730</u>	<u>-</u>

NOTE 6. OPERATING LEASE

Effective October 31, 2006, the Board of Education is leasing two copy machines for a term of thirty six months. Monthly rent on the machines is \$412 each. Total rent paid during the year ended June 30, 2009 was \$12,360. The leases were paid off during the current year.

NOTE 7. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 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, all 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.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and 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 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 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2009, 2008 and 2007 were \$56,758, \$89,468 and \$60,415, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2009, 2008 and 2007 were \$19,788, \$22,330, and \$7,469, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2009, 2008 and 2007, the State of New Jersey contributed \$53,931, \$29,053, and \$23,670, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$62,340, \$59,072, and \$60,355, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

The Board's total payroll for the year ended June 30, 2009, 2008 and 2007 was \$827,394, \$852,068, and \$1,102,477, covered payroll was \$779,775, \$728,274 and \$823,172 for TPAF; and \$90,825, \$123,794 and \$182,438 for PERS.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

NOTE 9. COMPENSATED ABSENCES

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

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement, employees with not less than ten years of service in the District shall be paid for unused sick leave in accordance with the District's agreements with the employees' unions.

In the District-wide Statement of Net 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 current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

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, 2009, a liability existed for compensated absences in the Food Service Fund in the amount \$0.

NOTE 10. DEFERRED COMPENSATION

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

Lincoln Investment Planning
Washington National

Borough of Chesilhurst Board of Education
Notes to Financial Statements
June 30, 2009

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 and surety bonds. During the fiscal year ended June 30, 2009 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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. This 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 prior two years:

<u>Fiscal Year</u>		<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2008-2009	\$	30,056	2,370	(18,036)	22,054
2007-2008		33,240	4,131	(39,127)	7,664
2006-2007		9,420			9,420

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2009:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 64,944	21,618
Special Revenue Fund		33,710
Unemployment Trust		
Food Service	6,855	24,611
Payroll Agency	8,732	592
Total	<u>\$ 80,531</u>	<u>80,531</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. It is anticipated that all interfunds will be liquidated during the fiscal year. All governmental fund interfunds are eliminated in the governmental-wide statements, except for Due From Agency, which is a Fiduciary Fund. A transfer of \$50,000 was made to the Food Service Fund to cover a deficit.

NOTE 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$838,271 General Fund fund balance at June 30, 2009, \$3,472 is reserved for encumbrances; \$758,554 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$316,449 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010); \$82,807 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; and \$(6,562) is unreserved and undesignated.

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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, 2009 is \$758,554.

NOTE 16. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse affect on the accompanying financial statements.

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$(5,427) in the Special Revenue Fund as of June 30, 2009 as reported in the fund statements (modified accrual basis). N.J.S.A.18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district can not recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

NOTE 18. SUBSEQUENT EVENT

Based upon recommendations from the County Department of Education, the District has extended the send/receive contract with Winslow Township to include grades Pre-K through 6. The District believed this was in the best interest of the students as the County offices indicated that the students would receive a more comprehensive education. This change went into effect for the 2009-10 school year. The Board has begun to investigate ways to improve the District that would enable the students to return for the 2010-11 school year based upon the changes in legislation that negatively impact the taxpayers in the District.

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Required Supplementary Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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**Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 791,164		791,164	791,164	-
Interest on Investments	1,000		1,000	6,088	5,088
Miscellaneous	91,733		91,733	105,289	13,556
Total - Local Sources	883,897	-	883,897	902,541	18,644
State Sources:					
Categorical Special Education Aid	89,380		89,380	89,380	-
Equalization Aid	1,370,377	(4,790)	1,365,587	1,365,587	-
Categorical Security Aid	35,363		35,363	35,363	-
Adjustment Aid	1,034,886		1,034,886	1,034,886	-
Categorical Transportation Aid	91,739		91,739	91,739	-
Full Day Kindergarten Supplemental Aid			-		-
Extraordinary Aid			-		-
Other State Aid	30,237		30,237	29,189	(1,048)
Nonpublic Transportation			-	1,673	1,673
Higher Expectation for Learning Proficiency (HELP)			-		-
On-Behalf TPAF Pension Contributions (non-budgeted)				56,758	56,758
Reimbursed TPAF Social Security Contributions (non-budgeted)				62,340	62,340
Total - State Sources	2,651,982	(4,790)	2,647,192	2,766,915	119,723
Total Revenues	3,535,879	(4,790)	3,531,089	3,669,456	138,367

**Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	76,949	(12,388)	64,561	64,545	16
Kindergarten	69,905	(3,495)	66,410	65,060	1,350
Grades 1-5	356,128	7,883	364,011	360,138	3,873
Grades 6-8	77,015		77,015	76,309	706
Regular Programs - Home Instruction:					
Salaries of Teachers	250		250	-	250
Purchased Professional - Educational Services	2,500		2,500	-	2,500
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	30,000	4,931	34,931	15,194	19,737
General Supplies	47,163	11,953	59,116	52,233	6,883
Textbooks	55,500	(26,774)	28,726	9,795	18,931
Other Objects	20,000	(11,372)	8,628	7,596	1,032
Total Regular Programs	735,410	(29,262)	706,148	650,870	55,278
Learning and/or Language Disability					
Salaries of Teachers	111,218	3,324	114,542	114,542	-
General Supplies	750		750	-	750
Total Learning and/or Language Disability	111,968	3,324	115,292	114,542	750
Resource Room/Resource Center					
Salaries of Teachers	32,044		32,044	31,451	593
Total Resource Room/Resource Center	32,044	-	32,044	31,451	593
Total Special Education - Instruction	144,012	3,324	147,336	145,993	1,343

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	35,000		35,000	18,663	16,337
Total School Sponsored Cocurricular Activities - Instruction	35,000	-	35,000	18,663	16,337
Total Instruction	914,422	(25,938)	888,484	815,526	72,958
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	749,526	172,449	921,975	921,975	-
Tuition to Other LEAs Within the State - Special	569,304	(99,560)	469,744	392,326	77,418
Tuition to County Vocational - Regular	24,000	5,853	29,853	24,019	5,834
Tuition to CSSD & Regional Day Schools	83,360	5,000	88,360	71,761	16,599
Tuition to Private Schools for the Disabled & Other LEAs - Special	311,020	(87,302)	223,718	42,352	181,366
Tuition - State Facility	4,500		4,500	4,500	-
Total Undistributed Expenditures - Instruction	1,741,710	(3,560)	1,738,150	1,456,933	281,217
Undistributed Expenditures - Attendance and Social Work:					
Salaries	4,350	293	4,643	4,643	-
Total Undistributed Expenditures - Attendance and Social Work	4,350	293	4,643	4,643	-

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	26,838	13,707	40,545	40,190	355
Purchased Professional and Technical Services	1,500		1,500	1,500	-
Other Purchased Services	200		200	-	200
Supplies and Materials	2,500	826	3,326	3,273	53
Other Objects	1,000	(826)	174	-	174
Total Undistributed Expenditures - Health Services	32,038	13,707	45,745	44,963	782
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Purchased Professional - Educational Services	32,573	(21,453)	11,120	16,739	(5,619)
Supplies and Materials	750		750	-	750
Total Undistributed Expenditures - Other Support Services - Students - Related Services	33,323	(21,453)	11,870	16,739	(4,869)
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Secretarial and Clerical Assistants	24,000	(8,500)	15,500	15,000	500
Total Undistributed Expenditures - Other Support Services - Students - Regular	24,000	(8,500)	15,500	15,000	500
Undistributed Expenditures - Other Support Services - Students - Special:					
Purchased Professional Educational Services	78,260	61,444	139,704	139,704	-
Supplies and Materials	2,500		2,500	508	1,992
Total Undistributed Expenditures - Other Support Services - Students - Special	80,760	61,444	142,204	140,212	1,992

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Improvement of Instruction Services:					
Sal of Supervisor of Instruction	78,750	8,450	87,200	86,499	701
Sal of Secr. And Clerical Assistant	10,150		10,150	5,529	4,621
Total Undistributed Expenditures - Improv. of Instr. Services	88,900	8,450	97,350	92,028	5,322
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	10,450	4,066	14,516	14,516	-
Other Purchased Services	1,500	(1,500)	-	-	-
Supplies and Materials	1,700	(66)	1,634	75	1,559
Total Undistributed Expenditures - Educational Media Services - School Library	13,650	2,500	16,150	14,591	1,559
Undistributed Expenditures - Instructional Staff Training Services					
Other Purchased Services	2,000	(85)	1,915	-	1,915
Other Objects	1,200	85	1,285	1,285	-
Total Undistributed Expenditures - Instructional Staff Training Srvc	3,200	-	3,200	1,285	1,915
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	44,900	9,990	54,890	43,861	11,029
Legal Services	13,000	8,232	21,232	21,232	-
Audit Fees	13,000	(2,000)	11,000	10,500	500
Other Purchased Professional Services	16,000	8,374	24,374	26,304	(1,930)
Communications/Telephone	18,500	(1,000)	17,500	16,410	1,090
BOE Other Purchased Professional Services	3,000	(1,000)	2,000	1,446	554
Other Purchased Services	6,000	(3,000)	3,000	1,754	1,246
General Supplies	1,000	3,161	4,161	4,161	-
In-House Training/Meeting Supplies	500	1,500	2,000	1,920	80
Miscellaneous	2,500	(957)	1,543	1,543	-
Membership Dues and Fees	5,000		5,000	4,013	987
Total Undistributed Expenditures - Support Services - Gen. Admin.	123,400	23,300	146,700	133,144	13,556

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Other Purchased Services	4,500	(3,387)	1,113	835	278
Supplies and Materials	3,745	2,347	6,092	6,092	-
Other Objects	7,000	387	7,387	7,387	-
Total Undistributed Expenditures - Support Serv. - School Admin.	15,245	(653)	14,592	14,314	278
Undistributed Expenditures - Central Services					
Salaries	25,500		25,500	25,373	127
Purchased Professional and Technical Services		3,670	3,670	3,670	-
Supplies and Materials	2,500	1,071	3,571	2,604	967
Other Objects	5,000	(4,741)	259	259	-
Total Undistributed Expenditures - Central Services	33,000	-	33,000	31,906	1,094
Undistributed Expenditures - Admin. Info Technology					
Purchased Technical Services	1,000		1,000	-	1,000
Total Undistributed Expenditures - Admin. Info Technology	1,000	-	1,000	-	1,000
Undistributed Expenditures - Required Maint for School Facilities					
Cleaning, Repair, and Maintenance Services	35,000	(7,672)	27,328	24,523	2,805
General Supplies	13,000	7,672	20,672	16,900	3,772
Total Undistributed Expenditures - Required Maint for School Facilities	48,000	-	48,000	41,423	6,577
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	48,500		48,500	45,394	3,106
Other Purchased Property Services	20,000	(1,647)	18,353	9,780	8,573
Insurance	8,925		8,925	1,173	7,752
General Supplies	5,800		5,800	4,966	834
Energy (Heat and Electricity)	100,000		100,000	65,939	34,061
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	183,225	(1,647)	181,578	127,252	54,326

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Salaries - (Between Home and School) - Reg.	61,277	13,853	75,130	75,130	-
Contracted Services (Other than Bet. Home & School) - Vendors	5,000	1,048	6,048	3,914	2,134
Contracted Services - (Between Home and School) - Joint Agree.	30,000	23,101	53,101	53,101	-
Contracted Service (Regular Students) - ESCs & CTSA's	96,000	(36,954)	59,046	30,633	28,413
Misc. Purchased Services - Transportation	4,500		4,500	3,122	1,378
Other Objects	4,000		4,000	1,781	2,219
Total Undistributed Expenditures - Student Transportation Serv.	200,777	1,048	201,825	167,681	34,144
Unallocated Benefits:					
Social Security Contributions	38,000	(4,790)	33,210	32,439	771
T.P.A.F. Contributions - ERIP	10,000		10,000	-	10,000
Other Retirement Contributions - ERIP	20,000		20,000	19,788	212
Unemployment Compensation	30,000		30,000	25,044	4,956
Workmen's Compensation	24,000		24,000	20,406	3,594
Health Benefits	214,000	(48,991)	165,009	158,699	6,310
Tuition Reimbursement	5,000		5,000	2,000	3,000
Other Employee Benefits	20,000		20,000	13,751	6,249
Total Unallocated Benefits	361,000	(53,781)	307,219	272,127	35,092
On-behalf TPAF Pension Contributions (non-budgeted)				56,758	(56,758)
Reimbursed TPAF Social Security Contributions (non-budgeted)				62,340	(62,340)
Total On-behalf Contributions	-	-	-	119,098	(119,098)
Total Undistributed Expenditures	2,987,578	21,148	3,008,726	2,693,339	315,387
Special Schools					
Summer School - Instruction					
Salaries of Teachers	17,000		17,000	17,000	-
Purchased Professional and Technical Services	1,200		1,200	1,198	2
Other Purchased Services	2,500		2,500	1,705	795
General Supplies	1,500		1,500	-	1,500
Total Summer School	22,200	-	22,200	19,903	2,297
Total Current Expense	3,924,200	(4,790)	3,919,410	3,528,768	390,642

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Expenditures	3,924,200	(4,790)	3,919,410	3,528,768	390,642
Other Financing Sources (Uses)					
Transfer to cover deficit	(50,000)		(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	-	(50,000)	(50,000)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(438,321)	-	(438,321)	90,688	(252,275)
Fund Balances, July 1	1,005,818	-	1,005,818	1,005,818	-
Fund Balances, June 30	<u>\$ 567,497</u>	<u>-</u>	<u>567,497</u>	<u>1,096,506</u>	<u>(252,275)</u>

Recapitulation of Fund Balance:

Encumbrances	3,472
Excess Surplus	442,105
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	316,449
Unrestricted - Designated for Subsequent Year's Expenditures	82,807
Unrestricted Fund Balance	<u>251,673</u>
	1,096,506
Reconciliation to Governmental Funds Statements (GAAP)	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(258,235)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>838,271</u></u>

Borough of Chesilhurst Board of Education
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	54,274		54,274	54,274	-
Other Restricted Entitlements		374	374	374	-
Total - State Sources	54,274	374	54,648	54,648	-
Federal Sources:					
Title I	91,236	16,844	108,080	108,080	-
I.D.E.A., Part B	35,000	1,900	36,900	35,000	(1,900)
Other	14,200	14,262	28,462	18,685	(9,777)
Total - Federal Sources	140,436	33,006	173,442	161,765	(11,677)
Total Revenues	194,710	33,380	228,090	216,413	(11,677)
EXPENDITURES:					
Instruction					
Salaries of Teachers	182,996	(64,977)	118,019	118,019	-
Other purchased services		39,900	39,900	38,000	1,900
General supplies	1,000	2,874	3,874	3,874	-
Total instruction	183,996	(22,203)	161,793	159,893	1,900

**Borough of Chesilhurst Board of Education
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Other Salaries		2,995	2,995	2,995	-
Personal Services - Employee Benefits	4,628	16,267	20,895	20,895	-
Purchased Professional Educational Services		28,462	28,462	18,685	9,777
Purchased Technical Services	6,086	5,100	11,186	11,186	-
Other Purchased Services		-	-		-
Travel		-			-
Supplies & Materials		2,759	2,759	2,759	-
Total support services	10,714	55,583	66,297	56,520	9,777
Total expenditures	194,710	33,380	228,090	216,413	11,677
Excess (Deficiency) of Revenues Over (Under) Expenditure:	-	-	-	-	-

**Borough of Chesilhurst Board of Education
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2009**

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$3,669,456	216,413
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		
Current year		(18,033)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	108,849	14,943
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(258,235)	(5,427)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	3,520,070	207,896
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	3,528,768	216,413
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		
Current year		(18,033)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$3,528,768	198,380

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SPECIAL REVENUE FUND

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BOROUGH OF CHESILHURST BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Character Education	Preschool Education Aid	Total State/Local Funds	Title I Part A	Title I Part A Carryover	Title I Part A SIA	I.D.E.A. Part B- Basic Instruction	Title II A	Title II D	Title IV	Title V	Total Federal Funds	Totals
REVENUES:													
State Sources	\$ 374	54,274	54,648									-	54,648
Federal Sources			-	77,599	19,377	11,104	35,000	14,311	1,611	2,344	419	161,765	161,765
Total revenues	<u>374</u>	<u>54,274</u>	<u>54,648</u>	<u>77,599</u>	<u>19,377</u>	<u>11,104</u>	<u>35,000</u>	<u>14,311</u>	<u>1,611</u>	<u>2,344</u>	<u>419</u>	<u>161,765</u>	<u>216,413</u>
EXPENDITURES:													
Instruction:													
Salaries of teachers		48,646	48,646	46,123	19,377	3,873						69,373	118,019
Other purchased services			-	3,000			35,000					38,000	38,000
General supplies	374	1,000	1,374	2,500								2,500	3,874
Total Instruction	<u>374</u>	<u>49,646</u>	<u>50,020</u>	<u>51,623</u>	<u>19,377</u>	<u>3,873</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,873</u>	<u>159,893</u>
Support services:													
Other salaries				2,995								2,995	2,995
Personal services- employee benefits		4,628	4,628	15,122		1,145						16,267	20,895
Purchased professional educational service			-					14,311	1,611	2,344	419	18,685	18,685
Purchased technical services			-	5,100		6,086						11,186	11,186
Supplies and materials			-	2,759								2,759	2,759
Total support services	<u>-</u>	<u>4,628</u>	<u>4,628</u>	<u>25,976</u>	<u>-</u>	<u>7,231</u>	<u>-</u>	<u>14,311</u>	<u>1,611</u>	<u>2,344</u>	<u>419</u>	<u>51,892</u>	<u>56,520</u>
Total expenditures	<u>\$ 374</u>	<u>54,274</u>	<u>54,648</u>	<u>77,599</u>	<u>19,377</u>	<u>11,104</u>	<u>35,000</u>	<u>14,311</u>	<u>1,611</u>	<u>2,344</u>	<u>419</u>	<u>161,765</u>	<u>216,413</u>

**Borough of Chesilhurst Board of Education
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2009**

E-2

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	48,646	48,646	-
General Supplies	1,000	1,000	-
Total instruction	<u>49,646</u>	<u>49,646</u>	<u>-</u>
Support services:			
Professional services - employee benefits	4,628	4,628	-
Total support services	<u>4,628</u>	<u>4,628</u>	<u>-</u>
Total Expenditures	<u><u>54,274</u></u>	<u><u>54,274</u></u>	<u><u>-</u></u>

CALCULATION OF BUDGET AND CARRYOVER

Total 2008-09 Preschool Education Aid Allocation	54,274
Actual ECPA Carryover (June 30, 2008)	46,448
Add: Budgeted Transfer from the General Fund 2008-09	<u> </u>
Total Preschool Education Aid Funds Available for 2008-09 Budget	100,722
Less: 2008-09 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(54,274)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2009	46,448
Add: 2008-09 Unexpended Preschool Education Aid	<u> </u>
2008-09 Actual Carryover - Preschool Education Aid	<u><u>46,448</u></u>
2008-09 Preschool Education Aid Carryover Budgeted for 2009-10	<u><u>-</u></u>

CAPITAL PROJECTS FUND

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**Borough of Chesilhurst Board of Education
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended June 30, 2009**

Issue/Project Title	Original Date	Appropriations	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
Acquisition of Telecommunications Equipment	Feb. 8, 2005	\$ 31,864	28,677		3,187
Totals		<u>\$ 31,864</u>	<u>28,677</u>	<u>-</u>	<u>3,187</u>

**Borough of Chesilhurst Board of Education
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
Year Ended June 30, 2009**

Revenues and other financing sources

State sources - SCC Grant	
Transfer from capital outlay	_____

Total revenues	_____
----------------	-------

Expenditures and other financing uses

Equipment	_____
-----------	-------

Total expenditures	_____
--------------------	-------

Excess of revenues over expenditures

Fund balance - beginning	_____ 3,187
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Fund balance - ending	_____ <u>\$ 3,187</u>
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**Borough of Chesilhurst Board of Education
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance
and Project Status - Budgetary Basis
Telecommunications Equipment
From Inception and for the Year Ended June 30, 2009**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SCC Grant	\$ 25,665		25,665	
Transfer from capital outlay	6,199		6,199	
Total revenues	<u>31,864</u>		<u>31,864</u>	
Expenditures and other financing uses				
Equipment	<u>28,677</u>		<u>28,677</u>	
Total expenditures	<u>28,677</u>		<u>28,677</u>	
Excess of revenues over expenditures	<u>\$ 3,187</u>		<u>3,187</u>	

Additional project information:

Project Number	0810-050-04-1000
Grant Date/Letter of Notification	February 28, 2005
Original Authorized Cost	\$ 31,864
Additional Authorized Cost	<u> </u>
Revised Authorized Cost	<u>\$ 31,864</u>
Percentage completion	100%
Original target completion date	April 20, 2005
Revised target completion date	April 20, 2005

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FIDUCIARY FUNDS

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**Borough of Chesilhurst Board of Education
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
June 30, 2009**

H-1

	Expendable Trusts	Agency		
	Unemployment Compensation	Student Activity	Payroll	Agency Total
ASSETS:				
Cash and cash equivalents	\$ 15,619	2,930	927	3,857
Interfund receivable	8,732			
Total Assets	<u>24,351</u>	<u>2,930</u>	<u>927</u>	<u>3,857</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Claims payable	2,297			
Payroll deductions payable			335	335
Due to student activities		2,930		2,930
Interfund payable			592	592
Total Liabilities	<u>2,297</u>	<u>2,930</u>	<u>927</u>	<u>3,857</u>
Fund balances:				
Reserved - Unemployment Compensation	22,054			
Total fund balances	<u>22,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 24,351</u>	<u>2,930</u>	<u>927</u>	<u>3,857</u>

**Borough of Chesilhurst Board of Education
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year ended June 30, 2009**

H-2

	<u>Unemployment Compensation Trust Fund</u>
Operating Revenues:	
Local sources:	
Plan member contributions	\$ 2,370
District contributions	30,000
Interest on investments	<u>56</u>
Total Operating Revenue	<u>32,426</u>
Operating Expenses	
Miscellaneous disbursements	68
Unemployment compensation claims	<u>17,968</u>
Total Operating Expenses	<u>18,036</u>
Change in Net Assets	14,390
Beginning Net Assets	<u>7,664</u>
Ending Net Assets	<u><u>\$ 22,054</u></u>

Borough of Chesilhurst Board of Education
Student Activity Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2009

H-3

	Balance July 1, 2008	Additions	Disbursements	Balance June 30, 2009
Student Activity Funds	\$ 2,454	10,645	10,169	2,930
Total assets	<u>2,454</u>	<u>10,645</u>	<u>10,169</u>	<u>2,930</u>

**Borough of Chesilhurst Board of Education
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2009**

H-4

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS:				
Cash and cash equivalents	\$ 566	565,027	564,666	927
Total assets	<u>566</u>	<u>565,027</u>	<u>564,666</u>	<u>927</u>
LIABILITIES:				
Payroll deductions and withholdings	-	564,666	564,331	335
Interfund payable	566	26		592
Total liabilities	<u>\$ 566</u>	<u>564,692</u>	<u>564,331</u>	<u>927</u>

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

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Borough of Chesilhurst Board of Education
Net Assets by Component,
Last Six Fiscal Years
Unaudited

	For the Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
Governmental activities						
Invested in capital assets, net of related debt	\$ 374,471	257,395	276,996	283,288	260,428	251,632
Restricted	290,612	516,491	710,392	814,429	756,031	761,741
Unrestricted	145,812	(40,806)	(359,568)	120,824	115,179	74,290
Total governmental activities net asset:	<u>810,895</u>	<u>733,080</u>	<u>627,820</u>	<u>1,218,541</u>	<u>1,131,638</u>	<u>1,087,663</u>
Business-type activities						
Invested in capital assets, net of related debt	4,249	3,649	3,049	7,483	6,704	5,924
Restricted						
Unrestricted	(75,240)	21,176	(8,598)	(13,537)	(5,038)	12,389
Total business-type activities net asset:	<u>(70,991)</u>	<u>24,825</u>	<u>(5,549)</u>	<u>(6,054)</u>	<u>1,666</u>	<u>18,313</u>
District-wide						
Invested in capital assets, net of related debt	378,720	261,044	280,045	290,771	267,132	257,556
Restricted	290,612	516,491	710,392	814,429	756,031	761,741
Unrestricted	70,572	(19,630)	(368,166)	107,287	110,141	86,679
Total district net assets	<u>\$ 739,904</u>	<u>757,905</u>	<u>622,271</u>	<u>1,212,487</u>	<u>1,133,304</u>	<u>1,105,976</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only six years of information is presented.

Source: CAFR Schedule A-1

Borough of Chesilhurst Board of Education
Changes in Net Assets, Last Six Fiscal Years
Unaudited

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities						
Instruction						
Regular	\$ 673,247	693,147	782,594	807,300	878,483	900,735
Special education	126,117	99,509	76,884	117,853	108,244	167,042
Other Special Instruction	87,776	43,666	12,565	16,792	19,988	21,354
Other instruction	5,718	9,919	9,693			
Support Services:						
Tuition	1,484,305	1,299,128	1,451,775	1,639,287	1,884,517	1,666,988
Student & instruction related services	218,295	297,687	292,603	369,887	310,325	417,723
General Administrative Services	219,398	147,613	153,040	146,946	174,689	152,340
School administrative services	9,019	17,268	17,144	8,483	15,247	16,377
Plant operations and maintenance	159,380	144,923	174,830	212,631	220,934	192,994
Pupil transportation	161,780	174,149	174,748	144,888	205,734	191,857
Business and Other Support Services	339,620	392,881	409,761	31,456	23,433	36,505
Unallocated Dep and Amortization	42,237	12,748	12,748			
Special Schools						
Summer School						19,903
Total governmental activities expenses	<u>3,526,892</u>	<u>3,332,638</u>	<u>3,568,385</u>	<u>3,495,523</u>	<u>3,841,594</u>	<u>3,783,818</u>
Business-type activities:						
Food service	115,618	101,723	120,435	115,479	101,631	100,424
Total business-type activities expense	<u>115,618</u>	<u>101,723</u>	<u>120,435</u>	<u>115,479</u>	<u>101,631</u>	<u>100,424</u>
Total district expenses	<u><u>3,642,510</u></u>	<u><u>3,434,361</u></u>	<u><u>3,688,820</u></u>	<u><u>3,611,002</u></u>	<u><u>3,943,225</u></u>	<u><u>3,884,242</u></u>
Program Revenues						
Governmental activities:						
Operating grants and contributions	477,859	467,274	554,348	469,990	431,207	207,896
Total governmental activities program revenues	<u>477,859</u>	<u>467,274</u>	<u>554,348</u>	<u>469,990</u>	<u>431,207</u>	<u>207,896</u>
Business-type activities:						
Charges for services						
Food service	10,109	7,935	9,122	8,707	7,062	6,395
Operating grants and contributions	42,881	45,256	40,939	57,376	57,289	60,676
Total business type activities program revenues	<u>52,990</u>	<u>53,191</u>	<u>50,061</u>	<u>66,083</u>	<u>64,351</u>	<u>67,071</u>
Total district program revenues	<u><u>530,849</u></u>	<u><u>520,465</u></u>	<u><u>604,409</u></u>	<u><u>536,073</u></u>	<u><u>495,558</u></u>	<u><u>274,967</u></u>
Net (Expense)/Revenue						
Governmental activities	(3,049,033)	(2,865,364)	(3,014,037)	(3,025,533)	(3,410,387)	(3,575,922)
Business-type activities	(62,628)	(48,532)	(70,374)	(49,396)	(37,280)	(33,353)
Total district-wide net expense	<u><u>\$ (3,111,661)</u></u>	<u><u>(2,913,896)</u></u>	<u><u>(3,084,411)</u></u>	<u><u>(3,074,929)</u></u>	<u><u>(3,447,667)</u></u>	<u><u>(3,609,275)</u></u>

Borough of Chesilhurst Board of Education
Changes in Net Assets, Last Six Fiscal Years
Unaudited

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 726,581	689,923	857,170	853,814	781,162	791,164
Unrestricted grants and contributions	2,162,980	2,257,458	2,178,554	2,323,091	2,441,525	2,617,529
Investment earnings	2,347	12,064	37,826	63,435	29,128	6,088
Miscellaneous income	127,350	95,380	179,704	216,289	115,233	105,289
Loss on disposal of Fixed assets		(116,729)				(7,235)
Previous Aquired Assets not Reported			21,264	21,985		69,112
Compensated Absences			(325,741)			
Cancellation of prior year payable				185,632		
Payment of prior year unrecorded liability				(7,992)		
Transfers	(20,000)	(150,547)	(40,000)	(40,000)	(45,000)	(50,000)
Total governmental activities	<u>2,999,258</u>	<u>2,787,549</u>	<u>2,908,777</u>	<u>3,616,254</u>	<u>3,322,048</u>	<u>3,531,947</u>
Business-type activities:						
Compensated Absences				3,678		
Previous Aquired Assets not Reported				5,213		
Transfers	20,000	144,348	40,000	40,000	45,000	50,000
Total business-type activities	<u>20,000</u>	<u>144,348</u>	<u>40,000</u>	<u>48,891</u>	<u>45,000</u>	<u>50,000</u>
Total district-wide	<u>3,019,258</u>	<u>2,931,897</u>	<u>2,948,777</u>	<u>3,665,145</u>	<u>3,367,048</u>	<u>3,581,947</u>
Change in Net Assets						
Governmental activities	(49,775)	(77,815)	(105,260)	590,721	(88,339)	(43,975)
Business-type activities	(42,628)	95,816	(30,374)	(505)	7,720	16,647
Total district	<u>\$ (92,403)</u>	<u>18,001</u>	<u>(135,634)</u>	<u>590,216</u>	<u>(80,619)</u>	<u>(27,328)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only six years of information is presented.

Source: CAFR Schedule A-2

Borough of Chesilhurst Board of Education
Fund Balances, Governmental Funds,
Last Six Fiscal Years
Unaudited

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
General Fund						
Reserved	\$ 293,437	462,701	716,872	811,242	754,770	844,833
Unreserved	177,175	51,050	(5,428)	146,672	142,199	(6,562)
Total general fund	<u>470,612</u>	<u>513,751</u>	<u>711,444</u>	<u>957,914</u>	<u>896,969</u>	<u>838,271</u>
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund	(13,188)	(13,188)	(13,188)	(13,188)	(14,943)	(5,427)
Capital Projects fund			3,187	3,187	3,187	3,187
Total all other governmental funds	<u>\$ (13,188)</u>	<u>(13,188)</u>	<u>(10,001)</u>	<u>(10,001)</u>	<u>(11,756)</u>	<u>(2,240)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only six years of information is presented.

Source: CAFR Schedule B-1

Borough of Chesilhurst Board of Educator
Changes in Fund Balances, Governmental Funds,
Last Six Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009
Revenues						
Tax levy	\$ 726,581	689,923	857,170	853,814	781,162	791,164
Interest earnings	2,347	12,064	37,826	63,435	29,128	6,088
Miscellaneous	127,350	99,258	179,704	216,289	115,233	105,289
State sources	2,423,447	2,503,111	2,514,272	2,589,501	2,737,269	2,681,693
Federal sources	217,392	221,621	218,630	203,580	135,463	143,732
Total revenue	<u>3,497,117</u>	<u>3,525,977</u>	<u>3,807,602</u>	<u>3,926,619</u>	<u>3,798,255</u>	<u>3,727,966</u>
Expenditures						
Instruction						
Regular Instruction	673,247	693,147	782,594	779,304	767,808	792,730
Special education instruction	126,117	99,509	76,884	113,767	94,607	145,993
Other Special Instruction	87,776	43,666	12,565	16,209	17,470	18,663
Other instruction	5,718	9,919	9,693			
Support Services:						
Tuition	1,484,305	1,299,128	1,451,775	1,582,439	1,647,097	1,456,933
Student & instruction related services	218,295	297,687	292,603	357,060	271,229	365,086
General Administrative Services	219,398	147,613	153,040	141,849	152,680	133,144
School Administrative services	9,019	17,268	17,144	8,189	13,326	14,314
Plant operations and maintenance	159,380	144,923	174,830	205,258	193,099	168,675
Pupil transportation	161,780	174,149	174,748	139,863	179,815	167,681
Business and Other Support Services	35,447	36,363	46,240	30,365	20,481	31,906
Unallocated employee benefits	304,173	356,518	363,521	435,586	459,779	412,120
Special Schools						
Summer School						19,903
Capital outlay	13,200	12,401	11,085	7,900		
Total expenditures	<u>3,497,855</u>	<u>3,332,291</u>	<u>3,566,722</u>	<u>3,817,789</u>	<u>3,817,391</u>	<u>3,727,148</u>
Excess (Deficiency) of revenues over (under) expenditures	(738)	193,686	240,880	108,830	(19,136)	818
Other Financing sources (uses)						
Cancellation of prior year payables				185,632		
Payment of prior year unrecorded liabilities				(7,992)		
Transfers out	(20,000)	(150,547)	(40,000)	(40,000)	(45,000)	(50,000)
Total other financing sources (uses)	<u>(20,000)</u>	<u>(150,547)</u>	<u>(40,000)</u>	<u>137,640</u>	<u>(45,000)</u>	<u>(50,000)</u>
Net change in fund balances:	<u>\$ (20,738)</u>	<u>43,139</u>	<u>200,880</u>	<u>246,470</u>	<u>(64,136)</u>	<u>(49,182)</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. Based on this, only six years of information is presented.

Source: CAFR Schedule B-2

Borough of Chesilhurst Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Prior Year Tuition	Prior Year Order Adj	Settlement	REDI Grant	Misc	Total
2000	10,009						15,190	25,199
2001							11,250	11,250
2002	4,761	33,748	16,839				61	55,409
2003			21,829	506			2,040	24,375
2004	2,330	25,811	10,457	32,543	25,216	21,112	12,228	129,697
2005	12,064		19,999	9,971	64,411		4,877	111,322
2006	37,826		10,263	73,714	87,001		8,726	217,530
2007	63,435			30,000	75,712		116,694	285,841
2008	29,128		8,439		50,724		56,070	144,361
2009	6,088		7,994		50,724		46,571	111,377

Source: District Records

Borough of Chesilhurst Board of Educatio
Assessed Value and Actual Value of Taxable Propert
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2000	4,745,500	35,014,200			2,336,800	507,000	220,900	42,824,400		230,190	43,054,590	1.649	44,418,230
2001	4,610,400	35,190,600			2,336,800	596,800	220,900	42,955,500		359,233	43,314,733	1.181	45,869,674
2002	4,309,500	36,029,336			2,336,800	596,800	220,900	43,493,336		280,443	43,773,779	1.542	46,390,185
2003	4,248,300	36,457,836			2,336,800	596,800	220,900	43,860,636		3,360,934	47,221,570	1.644	48,745,389
2004	4,113,000	36,881,336			2,336,800	596,800	220,900	44,148,836		298,899	44,447,735	1.593	52,651,901
2005	3,971,400	37,422,836			2,336,800	596,800	220,900	44,548,736		257,029	44,805,765	1.726	57,972,267
2006	3,820,100	38,234,136			2,336,800	596,800	220,900	45,208,736		218,116	45,426,852	1.883	58,493,642
2007	3,845,900	39,444,536			2,337,800	481,700	220,900	46,330,836		205,288	46,536,124	1.757	59,663,893
2008	* 7,328,200	74,505,300			4,801,700	778,500	416,200	87,829,900		385,910	88,215,810	0.891	82,130,332
2009	c	c			c	c	c	c		c	c	c	c

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

c information not available; tax rates have not been certified by the County as of the date of the audit.

**Borough of Chesilhurst Board of Education
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Borough of Chesilhurst Board of Education		Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Lower Camden County Regional School District	Borough of Chesilhurst		Camden County
2000	0.980		0.980	0.671	0.211	0.858	2.720
2001	1.181		1.181		0.311	0.968	2.460
2002	1.542		1.542		0.431	1.027	3.000
2003	1.645		1.645		0.527	1.028	3.200
2004	1.593		1.593		0.652	0.980	3.225
2005	1.726		1.726		0.751	0.986	3.463
2006	1.883		1.883		0.903	1.051	3.837
2007	1.757		1.757		1.214	1.076	4.047
2008 *	0.891		0.891		0.756	0.593	2.240
2009	c		-	c	c	c	c

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 calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Tax rates have not been confirmed by the County Board of Taxation as of the date of the audit report.
- * Reassessed

**Borough of Chesilhurst Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago
*Unaudited***

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Fourth Garden Park	1,358,000	a		Information not available		
Taxpayer #1	1,062,200	a				
Taxpayer #2	665,600	a				
Taxpayer #3	647,500	a				
Taxpayer #4	551,100	a				
Taxpayer #5	467,200	a				
Taxpayer #6	436,600	a				
Taxpayer #7	403,000	a				
Monte Visco, LLC	373,100	a				
Taxpayer #8	345,700	a				
Total	<u>6,310,000</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

a: information not available; tax rates have not been certified by the County as of the date of the audit.

Source: District CAFR & Municipal Tax Assessor

Borough of Chesilhurst Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	710,181	710,181	100%	
2001	511,350	511,350	100%	
2002	674,919	674,919	100%	
2003	726,581	726,581	100%	
2004	708,252	652,009	92%	56,243
2005	773,547	517,442	67%	256,105
2006	857,170	714,308	83%	142,862
2007	853,814	853,814	100%	
2008	781,162	592,066	76%	189,096
2009	791,164	474,698	60%	316,466

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

**Borough of Chesilhurst Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

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		
2000						-	0.000%	
2001						-	0.000%	
2002						-	0.000%	
2003						-	0.000%	
2004						-	0.000%	
2005						-	0.000%	
2006						-	0.000%	
2007						-	0.000%	
2008						-	0.000%	
2009						-	0.000%	

No Debt for past 10 Years

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

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

a See Exhibit NJ J-13 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

Borough of Chesilhurst Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	<u>Per Capita ^b</u>
	General Obligation Bonds	Deductions			
2000			-		
2001			-		
2002			-		
2003			-		
2004			-		
2005			-		
2006			-		
2007			-		
2008			-		
2009			-		

No Debt for past 10 Years

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-13.

Borough of Chesilhurst Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2009
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Chesilhurst	429,934	100.00%	429,934
			-
Other debt			
Camden County	51,750,583	0.185%	95,739
Subtotal, overlapping debt			<u>525,673</u>
Borough of Chesilhurst Board of Education Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>525,673</u></u>

Sources: Borough of Chesilhurst Finance Officer, Camden County Finance Office

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 Chesilhurst. 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.

**Borough of Chesilhurst Board of Education
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2007

	Equalized valuation basis	
	2008	69,010,686
	2007	78,740,374
	2006	<u>69,054,126</u>
		<u><u>216,805,186</u></u>
Average equalized valuation of taxable property		72,268,395
Debt Limit (2.5% of Average Equalized Value)		1,806,710 ^a
Net bonded school debt		<u>-</u>
Legal debt margin		<u><u>1,806,710</u></u>

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	970,083	974,438	1,022,761	1,085,627	1,159,906	1,225,570	1,319,316	1,491,597	1,711,952	1,806,710
Total net debt applicable to limit	<u> </u>									
Legal debt margin	<u>970,083</u>	<u>974,438</u>	<u>1,022,761</u>	<u>1,085,627</u>	<u>1,159,906</u>	<u>1,225,570</u>	<u>1,319,316</u>	<u>1,491,597</u>	<u>1,711,952</u>	<u>1,806,710</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

^a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

Borough of Chesilhurst Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
1999	1,518	42,979	28,313	6.3%
2000	1,520	44,714	29,417	5.4%
2001	1,520	47,298	31,117	5.6%
2002	1,659	52,877	31,873	7.9%
2003	1,746	57,745	33,073	8.2%
2004	1,809	62,617	34,614	7.3%
2005	1,858	67,440	36,297	6.2%
2006	1,879	68,202	36,297	8.2%
2007	1,874	71,604	38,209	7.5%
2008	1,909	74,959	39,266	9.9%

Source:

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

b Personal income provided by the US Dept. of Commerce, Bureau of Economic Analysis.

c Per Capita information provided by the US Dept. of Commerce, Bureau of Economic Analysis.

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

Borough of Chesilhurst Board of Educator
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Instruction										
Regular	13.5	13.5	13.5	13.5	13.5	10.5	10.5	10.5	9.0	9.0
Special education	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0
Other special education	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Other instruction	1.5	1.5	1.5	1.5		1.5	1.5	1.5	1.0	1.0
Support Services:										
Student and instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
General administrative services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administrative services	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Business administrative services	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Child Care	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>30.5</u>	<u>30.5</u>	<u>29.5</u>	<u>29.5</u>	<u>28.0</u>	<u>24.5</u>	<u>25.5</u>	<u>24.0</u>	<u>22.0</u>	<u>22.0</u>

Source: District Personnel Records

**Borough of Chesilhurst Board of Education
Operating Statistics
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary				
2000		1,400,487					148	140.50	#DIV/0!	94.93%
2001	186	1,564,593	8,412		14	12.9:1	165	159.00	11.49%	96.36%
2002	181	3,164,302	17,482	107.83%	15	8.6:1	138	134.20	-16.36%	97.25%
2003	146	3,111,093	21,309	21.89%	15	9.6:1	144	138.70	4.35%	96.32%
2004	134	3,484,655	26,005	22.04%	14	9.6:1	142	133.30	-1.39%	93.87%
2005	148	3,319,890	22,432	-13.74%	15	8.6:1	130	122.64	-8.45%	94.34%
2006	109	3,372,032	30,936	37.91%	14	7.8:1	119	111.25	-8.46%	93.49%
2007	118	3,749,426	31,775	2.71%	15	7.9:1	117	111.50	-1.68%	95.30%
2008	104	3,841,594	36,938	16.25%	15	6.9:1	104	99.20	-11.28%	95.57%
2009	103	3,783,818	36,736	-0.55%	15	6.87:1	103	99.20	-0.77%	96.31%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule
- b Teaching staff includes only full-time equivalents of certificated sta
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SF)

**Borough of Chesilhurst Board of Education
School Building Information
Last Ten Fiscal Years
*Unaudited***

<u>District Building</u>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Elementary</u>										
Only building (1975)										
Square Feet	15,234	15,234	15,234	15,234	15,234	15,234	15,234	15,234	15,234	15,234
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	148	165	138	144	142	130	119	118	104	103

Number of Schools at June 30, 2009
Elementary = 1

Source: District records, ASSA

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

**Borough of Chesilhurst Board of Education
General Fund
Schedule of Required Maintenance for School Facilities
Last Seven Years
Unaudited**

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

School Facilities	Project # (s)	2009	2008	2007	2006	2005	2004	2003
Shirley B. Foster Elementary School	N/A	41,423	44,000	59,258	24,256	17,300	28,390	13,939
Total School Facilities		<u>41,423</u>	<u>44,000</u>	<u>59,258</u>	<u>24,256</u>	<u>17,300</u>	<u>28,390</u>	<u>13,939</u>
Other Facilities								
Grand Total		<u><u>41,423</u></u>	<u><u>44,000</u></u>	<u><u>59,258</u></u>	<u><u>24,256</u></u>	<u><u>17,300</u></u>	<u><u>28,390</u></u>	<u><u>13,939</u></u>

This was only a requirement since the fiscal year ended June 30, 2003

Borough of Chesilhurst Board of Education

Insurance Schedule

June 30, 2009

Unaudited

	Coverage	Deductible
Commercial Policy - Selective Insurance		
Property: Blanket Building & Contents	1,879,252	1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	500
School Board Legal Liability		
Insurance Company		
Educator's Liability	5,000,000	5,000/10,000
Public Employees' Faithful Performance		
Blanket Position Bond	100,000	1,000
Workers Compensation & Employers' Liability		
Agreement - NJSBAIG	5,000,000	
Treasurer Bond	150,000	
Board Secretary Bond	50,000	

Source: District Records.

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Single Audit Section

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**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***

Honorable President and
Members of the Board of Education
Borough of Chesilhurst School District
County of Camden, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Borough of Chesilhurst School District's basic financial statements and have issued our report thereon dated October 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Chesilhurst School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chesilhurst School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 09-1 and 09-2 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies identified above, we consider items 09-1 and 09-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Chesilhurst School 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Department of Education and which are described in the accompanying schedule of findings and responses as item 09-3.

We noted certain matters that we reported to management of the Borough of Chesilhurst Board of Education in the separate Auditor's Management Report on Administrative Findings dated October 26, 2009.

The Borough of Chesilhurst School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Borough of Chesilhurst School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Kenneth W. Moore

Kenneth W. Moore, CPA
Licensed Public School Accountant
No. CS00449

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

October 26, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Education
Borough of Chesilhurst School District
County of Camden, New Jersey

Compliance

We have audited the compliance of the Borough of Chesilhurst Board of Education with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2009. The Borough of Chesilhurst 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Chesilhurst Board of Education's management. Our responsibility is to express an opinion on the Borough of Chesilhurst Board of Education's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *New Jersey State Grants Compliance Supplement*. Those standards, OMB Circular A-133 and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Chesilhurst Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Borough of Chesilhurst Board of Education's compliance with those requirements.

In our opinion, the Borough of Chesilhurst Board of Education, in the County of Camden, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Borough of Chesilhurst Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Chesilhurst Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

The Borough of Chesilhurst Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Borough of Chesilhurst Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the audit committee, management, Board of Education, the New Jersey State Department of Education (cognizant audit agency) and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Kenneth W. Moore

Kenneth W. Moore, CPA
Licensed Public School Accountant
No. CS0049

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

October 26, 2009

**Borough of Chesilhurst Board of Education
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2009**

K-3
Schedule A

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2008	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	(Accounts Receivable) June 30, 2009	Deferred Revenue June 30, 2009	Due to Grantor at June 30, 2009
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
School Breakfast Program	10.553		7/1/07-6/30/08	15,929	\$ (3,065)		3,065				-		
School Breakfast Program	10.553		7/1/08-6/30/09	14,576			10,338	(14,576)			(4,238)		
National School Lunch Program	10.555		7/1/07-6/30/08	31,871	(5,571)		5,571						
National School Lunch Program	10.555		7/1/08-6/30/09	34,559			23,983	(34,559)			(10,576)		
Food Distribution Program	10.550		7/1/08-6/30/09	9,157			9,157	(9,157)					
Total Enterprise Fund					(8,636)	-	52,114	(58,292)	-	-	(14,814)	-	-
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A	84.010		9/1/08-8/31/09	101,994			29,892	(77,599)			(72,102)	24,395	
Title I, Part A, Carryover	84.010	NCLB130006	9/1/07-8/31/08	111,963	19,377			(19,377)					
Title I, Part A, Carryover	84.010	NCLB130005	9/1/04-8/31/05	118,710	1,393								1,393
Title I, SIA	84.010		9/1/08-8/31/09	5,018				(5,018)			(5,018)		
Title I, SIA Carryover	84.010		9/1/07-8/31/08	6,086			6,086	(6,086)					
Title V Inovative Programs	84.151	NCLB130005	9/1/07-8/31/08	419	419			(419)				-	
I.D.E.A. Part B - Basic	84.027		9/1/08-8/31/09	35,000			5,707	(35,000)			(29,293)	-	
I.D.E.A. Part B - Basic, Carryover	84.027		9/1/05-8/31/06	57,078	2,114								2,114
I.D.E.A. Part B - Basic, Carryover	84.027		9/1/04-8/31/05	56,563	4,793								4,793
I.D.E.A. Part B - Preschool	84.173		9/1/08-8/31/09	1,900							(1,900)	1,900	
Title IV Drug Free School Act	84.233	NCLB130006	9/1/08-8/31/09	1,365							(1,365)	1,365	
Title IV Drug Free School Act Carryover	84.233	NCLB130006	9/1/07-8/31/08	2,344	2,344			(2,344)				-	
Title VI	84.298	NCLB130006	9/1/99-8/31/00	2,543	116								116
Title IIA, Innovative Program	84.281	NCLB130006	9/1/08-8/31/09	11,838				(3,426)			(11,838)	8,412	
Title IIA, Innovative Program Carryover	84.281	NCLB130006	9/1/07-8/31/08	10,885	10,885			(10,885)				-	
Title II Part D	84.281	NCLB130006	9/1/08-8/31/09	851				(851)			(851)		
Title II Part D Carryover	84.281	NCLB130006	9/1/07-8/31/08	760	760			(760)				-	
Total Special Revenue Fund					42,201	-	41,685	(161,765)	-	-	(122,367)	36,072	8,416
Total Federal Financial Awards					\$ 33,565	-	93,799	(220,057)	-	-	(137,181)	36,072	8,416

The accompanying notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement

**Borough of Chesilhurst Board of Education
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 200**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009					MEMO				
				Balance at June 30, 2008	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balances	(Accounts Receivable)	Deferred Revenue/ Interfund	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Categorical Special Education Aid	495-034-5120-089	7/1/08-6/30/09	89,380		89,380	(89,380)						8,804	89,380
Equalization Aid	495-034-5120-078	7/1/08-6/30/09	1,365,587		1,365,587	(1,365,587)						134,978	1,365,587
Categorical Security Aid	495-034-5120-084	7/1/08-6/30/09	35,363		35,363	(35,363)						3,483	35,363
Adjustment Aid	495-034-5120-085	7/1/08-6/30/09	1,034,886		1,034,886	(1,034,886)						101,934	1,034,886
Categorical Transportation Aid	495-034-5120-014	7/1/08-6/30/09	91,739		91,739	(91,739)						9,036	91,739
Other State Aid		7/1/08-6/30/09	29,189		29,189	(29,189)							29,189
Additional Nonpublic School Transportation Aid	495-034-5120-014	7/1/07-6/30/08	1,048	(1,048)	1,048								1,048
Additional Nonpublic School Transportation Aid	495-034-5120-014	7/1/08-6/30/09	1,673			(1,673)			(1,673)				1,673
Reimbursed TPAF Social Security Contributions	495-034-5095-051	7/1/08-6/30/09	62,340		58,413	(62,340)			(3,927)				62,340
Reimbursed TPAF Social Security Contributions	495-034-5095-051	7/1/07-6/30/08	59,072	(2,925)	2,925								59,072
Total General Fund				(3,973)	2,708,530	(2,710,157)	-	-	(5,600)	-	-	258,235	2,770,277
Special Revenue Fund:													
Preschool Education Aid	495-034-5120-086	7/1/08-6/30/09	54,274		48,847	(54,274)	46,448		(5,427)	46,448		5,427	54,274
Early Childhood Program Aid	495-034-5120-025	7/1/07-6/30/08	170,417	46,448			(46,448)						123,969
Character Education	100-034-5120-053	7/1/05-6/30/06	4,000	374		(374)							4,000
Total Special Revenue Fund				46,822	48,847	(54,648)	-	-	(5,427)	46,448	-	5,427	182,243
State Department of Agriculture													
Enterprise Fund:													
State School Breakfast Program (State Share)	100-010-3360-096	7/1/07-6/30/08	1,134	(218)	218								1,134
State School Breakfast Program (State Share)	100-010-3360-096	7/1/08-6/30/09	955		680	(955)			(275)				955
National School Lunch Program (State Share)	100-034-5120-122	7/1/07-6/30/08	1,392	(243)	243								1,392
National School Lunch Program (State Share)	100-034-5120-122	7/1/08-6/30/09	1,429		993	(1,429)			(436)				1,429
Total Enterprise Fund				(461)	2,134	(2,384)	-	-	(711)	-	-	-	4,910
Total State Financial Assistance				\$ 42,388	2,759,511	(2,767,189)	-	-	(11,738)	46,448	-	263,662	2,957,430

Borough of Chesilhurst School District
Notes to the Schedules of Financial Assistance
June 30, 2009

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of Chesilhurst School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

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 P.L. 2003, c.97 (A3521). 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 net adjustment to reconcile from budgetary basis to GAAP basis is \$92,628 for the general fund and \$(9,516) for the special revenue fund. See the following schedules and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Borough of Chesilhurst School District
Notes to the Schedules of Financial Assistance
June 30, 2009**

	<u>General fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 2,710,157	54,648	2,764,805
Difference – budget to "GAAP"			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	108,849	14,943	123,792
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(258,235)	(5,427)	(263,662)
On Behalf TPAF payments recognized for GAAP statements not included in the Schedule of Expenditures of State Financial Assistance	<u>56,758</u>		<u>56,758</u>
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 2,617,529</u>	<u>64,164</u>	<u>2,681,693</u>

**Borough of Chesilhurst School District
Notes to the Schedules of Financial Assistance
June 30, 2009**

	<u>Special Revenue Fund</u>	<u>Total</u>
Federal Assistance:		
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	161,765	161,765
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.	(18,033)	(18,033)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>143,732</u>	<u>143,732</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2009. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

**BOROUGH OF CHESILHURST BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part I -- Summary of Auditor's Results

State Awards Section

J) Internal Control over major programs:
1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

K) Type of auditor's report on compliance for major programs _____ Unqualified _____

L) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of NJ OMB Circular 04-04? _____ yes X no

M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-085</u>	<u>Adjustment Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____

N) Dollar threshold used to determine Type A programs: _____ \$300,000 _____

O) Auditee qualified as low-risk auditee? _____ yes X no _____ n/a

**BOROUGH OF CHESILHURST BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING JUNE 30, 2009**

Part 2 – Schedule of Financial Statement Findings

Finding 09-1

Criteria:

The District must have adequate internal controls over expenditures in order to ensure proper recording.

Condition:

Internal controls were not in place, and expenditures were not posted against proper appropriation accounts and did not have all appropriate approvals prior to payment.

Effect:

Amounts expended against budget line items are not accurate, therefore proper budgeting for subsequent years can be difficult. Items may be purchased that have not been budgeted for, therefore creating overexpenditures.

Recommendation:

Internal controls should be established and implemented to provide management with accurate information for planning.

Management Response:

The Business Administrator will review all purchase orders to ensure that all expenditures are charged to the appropriate account and have all appropriate approvals.

Finding 09-2

Criteria:

In order for Board officials to be aware of the financial status, it is essential that general ledgers be accurately maintained for all funds.

Condition:

The general ledger for the food service fund did not reflect accurate information and no general ledger is maintained for the Student Activities fund.

Effect:

Board members and District management were not provided with accurate balances for all accounts in order to make informed financial decisions.

Recommendation:

That all general ledger activity be recorded for all funds as transactions occur.

Management Response:

General ledgers will be reconciled to subsidiary ledgers on a monthly basis.

Finding 09-3

Criteria

Bids and quotes must be obtained when purchases exceed the established limits.

Condition

The District did not obtain quotes for all required purchases exceeding the threshold.

Effect

The District was in violation of the State purchasing laws and could possibly be expending more than necessary for some purchases.

Recommendation

The Business Administrator should obtain three quotes for all purchases exceeding the quote threshold of \$3,750 or 15% of the approved bid threshold.

Management Response:

The Business Administrator will obtain three quotes for purchases when required, or if quotes were not able to be obtained, will attach an explanation as to why.

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

None Noted

Status of Prior Year Findings

Finding 08-1

Internal controls were not in place, and expenditures were not posted against proper appropriation accounts.

This finding was not cleared in 2009.

The Business Administrator will review all purchase orders to ensure proper posting in accordance with the chart of accounts.

Finding 08-2

The general ledgers did not reflect accurate information, and disbursements were not properly posted.

This finding was not cleared in 2009.

The Business Administrator will reconcile all general ledgers with the subsidiary ledgers on a regular basis.

Finding 08-3

The minutes of the Board of Education did not include all of the information required by the State Department of Education. The y were not permanently bound or maintained in a fireproof cabinet.

This finding was cleared in 2009.