

**SCHOOL DISTRICT
OF
BOROUGH OF CHESILHURST**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Borough of Chesilhurst Board of Education

Chesilhurst, New Jersey

For the Fiscal Year Ended June 30, 2016

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Prepared by

Borough of Chesilhurst Board of Education

Finance Department

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OF THE BOROUGH OF CHESILHURST SCHOOL DISTRICT
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INTRODUCTORY SECTION

BOROUGH OF CHESILHURST BOARD OF EDUCATION
CHESILHURST BOROUGH SCHOOL
511 Edwards Avenue
Chesilhurst, New Jersey 08089

Dr. Frank Badessa
Board Secretary

(856) 767-5451
FAX: (856) 719-1379

October 26, 2016

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, 2016, 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 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08, as applicable based on the appropriate expenditure threshold. 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 within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Borough of Chesilhurst Board of Education and its school constitute the District's reporting entity.

1. REPORTING ENTITY AND ITS SERVICES - Continued:

Up through the 2008-2009 fiscal year, the District provided a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for special needs youngsters. Beginning in the 2009-2010 fiscal year, the District entered into a sending/receiving tuition agreement with Winslow Township Board of Education which included all students. The following details the changes in the student enrollment of the District prior to the 2009-2010 School year.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	N/A*	
2014-15	N/A*	
2013-14	N/A*	
2012-13	N/A*	
2011-12	N/A*	
2010-11	N/A*	
2009-10	103	(.01%)
2008-09	104	(11.86%)
2007-08	118	(.84%)
2006-07	119	(21%)

*Winslow Township Board of Education is the receiving district.

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The Borough of Chesilhurst Board of Education resolved the prior year litigation with the Winslow Township Board of Education before the New Jersey Office of Administrative Law regarding monetary disputes related to enrollment, tuition and transportation costs.

On November 8, 2011, the voters of the Borough of Chesilhurst decided to continue sending all Chesilhurst students to the Winslow public schools. As a result of the referendum outcome, the Board's attention is now focused on ways to best utilize the Shirley B. Foster Elementary School as a community learning center for the borough residents.

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). The internal control process is designed to provide reasonable, but not absolute, assurance that these objectives are met.

4. INTERNAL ACCOUNTING CONTROLS - Continued:

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control process, 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 and the special revenue fund. The final budget amount as amended for the 2015-2016 fiscal year is reflected in the financial section. This budget, as well as the 2016-2017 budget, was approved by the Executive County Superintendent of Schools.

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. Any amounts to be reappropriated are reported as reservations of fund balance at June 30 of each year.

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. These funds are explained in "Notes to the Financial Statements," Note 2.

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 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

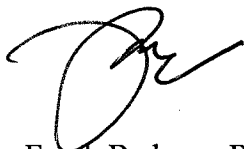
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards(Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Borough of Chesilhurst Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the public 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,



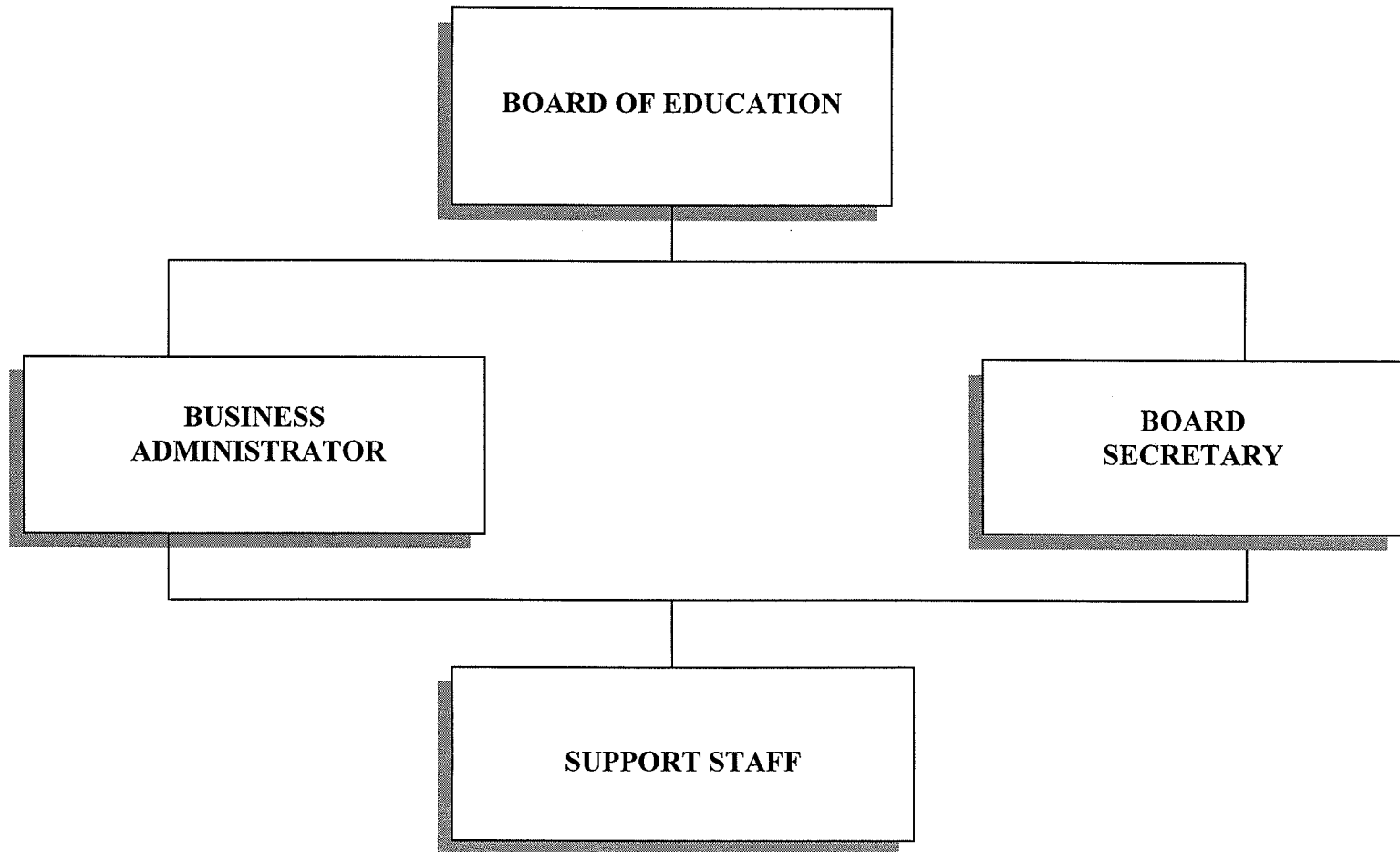
Dr. Frank Badessa, Board Secretary

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Chesilhurst, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



BOROUGH OF CHESILHURST BOARD OF EDUCATION
CHESILHURST, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Maria Littles, President	2016
Elaris Robinson	2018
Debra Barney	2017
Richard Lamazares	2018
Pearl Saylor	2016
Ronald Harmon, Vice President	2016

<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Dr. Frank Badessa, Board Secretary	200,000
Mr. James Clark, Interim Business Administrator	
Rocky Peterson, Solicitor	

Elections have been moved to November and terms have been extended to December 31.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, New Jersey 08094

ATTORNEY

Mr. Rocky Peterson
Hill Wallack LLP, Attorney's at Law
202 Carnegie Center, PO Box 5226
Princeton, New Jersey 08543

OFFICIAL DEPOSITORY

TD Bank
1701 Route 70 East
Cherry Hill, New Jersey 08034

INSURANCE AGENCY

The Hardenbergh Insurance Agency, Inc
1000 Plaza At Main Street
Voorhees, New Jersey 08043

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
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October 26, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Chesilhurst, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chesilhurst Board of Education, Chesilhurst, New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) *Uniform Guidance* requirements and *New Jersey OMB's Treasury Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

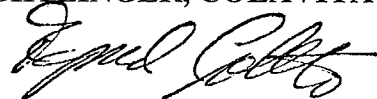
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chesilhurst Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BOROUGH OF CHESILHURST SCHOOL DISTRICT
BOROUGH OF CHESILHURST

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED

The discussion and analysis of Borough of Chesilhurst Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$3,494,381 in revenue or 99.4% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$20,537 or .6% percent of the total revenues of \$3,514,918.
- ❖ Total Net Position of governmental activities increased by \$336,759 made up of net decreases in cash and receivables, combined with decreases in accounts payable and various other liabilities. Capital assets decreased by \$381,431, representing additions of \$410,946 and depreciation of \$29,515.
- ❖ The School District had \$3,128,917 in expenses and only \$20,537 of these expenses was offset grants or contributions. General revenues (primarily state aid, federal aid and property taxes) of \$3,494,381, along with the use of fund balance, were adequate to provide for these programs.
- ❖ The General Fund had \$3,494,381 in revenues, \$3,490,620 in expenditures and \$49,418 in net other financing sources, representing the transfer to charter schools. The General Fund's balance decreased by \$45,657 over 2015. This increase was the net result of the increase in state aid, combined with decreases in tuition and various other expenses.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Borough of Chesilhurst School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❖ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ Business – Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

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

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2016 and 2015.

Table 1
Net Position

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 1,872,309	\$ 1,907,146
Capital Assets, Net	550,333	169,078
Total Assets	<u>2,422,642</u>	<u>2,076,224</u>
Liabilities		
Long-term Liabilities		
Other Liabilities	9,835	
Total Liabilities	<u>9,835</u>	
Net Position		
Invested in Capital Assets, Net of Debt	550,333	169,078
Restricted	1,840,888	1,889,022
Unrestricted	21,586	18,124
Total Net Position	<u>\$ 2,412,807</u>	<u>\$ 2,076,224</u>

Table 2 shows the changes in Net Position from fiscal year's 2016 and 2015.

Table 2 Changes in Net Position		2016	2015
Revenues			
Revenues			
Operating Grants and Contributions	\$	20,537	\$ 27,371
General Revenues			
Property Taxes		791,164	791,164
Investment Income		2,230	3,032
Grants and Entitlements		2,507,356	2,539,100
Other		193,631	894,173
Total Revenues		<u>3,514,918</u>	<u>4,254,840</u>
Program Expenses			
Instruction			
Regular			
Support Services			
Tuition		2,608,253	2,798,655
General Administration, School			
Administration, Business		108,216	116,752
Operations and Maintenance of Facilities		86,730	108,758
Pupil Transportation		287,787	261,326
Unallocated Employee Benefits/Business Support		7,898	42,367
Debt Service Assessment		342	342
Unallocated Depreciation		29,515	18,143
Business-Type Activities		176	354
Total Expenses		<u>3,128,917</u>	<u>3,346,697</u>
		386,001	908,143
Less: Transfer to Charter School		(49,418)	(54,306)
Decrease in Net Position	\$	<u>336,583</u>	\$ <u>853,837</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$3,514,918 for the fiscal year ended June 30, 2016, all of which were from governmental activities. Property taxes made up 22.5% percent of revenues for governmental activities for the Borough of Chesilhurst School District for fiscal year 2016. Federal, state and local grants accounted for 71.9% and other revenue made up .5.6%. The total cost of all programs and services was \$3,128,917.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food Service expenses exceeded revenues by \$176. This shortfall represents depreciation expense.
- ❖ As the District became a non-operating as of July 1, 2010, there were no operating revenues or expenses during the 2015-16 school-year.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$	\$	\$	\$
Support services				
Tuition	2,608,253	2,587,716	2,798,655	2,771,284
General Administration, School				
Administration, Business	108,216	108,216	116,752	116,752
Operation and Maintenance of Facilities	86,730	86,730	108,758	108,758
Pupil Transportation	287,787	287,787	261,326	261,326
Unallocated Employee Benefits	7,898	7,898	42,367	42,367
Other	29,857	29,857	18,485	18,485
Total Expenses	\$ 3,128,741	\$ 3,108,204	\$ 3,346,343	\$ 3,318,972

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

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

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

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

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

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

Extracurricular activities would include expenses related to student activities provided by the School district, designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

The School District has no debt obligations and, therefore has no related interest or fiscal charges associated with payment of debt. Other includes unallocated depreciation.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund presented in the fund-based statements) had total revenues of \$3,514,918 and expenditures of \$3,510,172. The net positive change in fund balance for the year was anticipated by the Board and shows that the School District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 987,025	28.08%	\$ (701,344)	-41.54%
State Sources	2,527,893	71.92%	(4,104)	-0.16%
Total	\$ 3,514,918	100.0%	\$ (705,448)	16.71%

The increase in Local Sources is attributed to increased miscellaneous revenue and interest earned. The increase in State Sources is attributed to net increases in various state Categorical Aids and in other state grant aid.

The decrease in Federal Source Revenues was due to no Federal Funds being granted during the 2015-2016 school year. The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Tuition	\$ 2,608,253	74.30%	\$ (190,402)	-6.80%
Undistributed Expenditures	489,531	13.95%	(5,198)	-1.05%
Capital Outlay	412,388	11.75%	397,241	2622.57%
Total	\$ 3,510,172	100.00%	\$ 201,641	6.09%

There were no Instructional costs in the last two school years and Tuition costs have decreased over the previous school year.

The decrease in Current – Undistributed Expenditures is attributed to the decrease in various other budget line items.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would roughly equal, with no appropriation of Fund Balance, the actual results for the year show a decrease of \$45,646.

- ❖ Actual revenues were \$204,288 more than expected, largely due to an increase in miscellaneous revenue.
- ❖ The actual expenditures were \$461,063 lower than expected due to tuition expenses of \$26,970 administrative costs of \$70,684, transportation costs of \$49,213, employee benefit costs of \$602 and \$37,370 in maintenance costs, \$273,750 in maintenance reserve and \$2,474 in Capital Outlay.

Capital Assets

At the end of the fiscal year 2016, the School District had \$550,333 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 74,000	\$ 74,000
Improvements	12,966	16,080
Building and Improvements	444,751	55,767
Machinery and Equipment	18,616	23,231
Totals	<u>\$ 550,333</u>	<u>\$ 169,078</u>

Overall capital assets increased \$381,255 from fiscal year 2015 to fiscal year 2016, which reflects building improvements additions of \$410,946, offset by depreciation expense of \$29,691. There were no additions, retirements or adjustments during the year.

At June 30, 2016, the School District's overall legal debt margin was \$2,127,910, which is fully available for future authorizations.

For the Future

The operations of the Chesilhurst School District ended on June 30, 2009. While the District is non-operating, the major concern is the status of the shared services sending/receiving relationship between Chesilhurst and Winslow School District.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dr. Frank Badessa, School Board Secretary at Borough of Chesilhurst Board of Education, 511 Edwards Avenue, Chesilhurst, NJ.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		
ASSETS					
Cash and Cash Equivalents	\$ 1,651,552	\$	11,789	\$	1,663,341
School Tax Levy Receivable	197,591				197,591
Due from State of New Jersey	10,777				10,777
Inventory			600		600
Capital Assets, Net (Note 6):	550,333				550,333
	<hr/>		<hr/>		<hr/>
Total Assets	2,410,253		12,389		2,422,642
	<hr/>		<hr/>		<hr/>
LIABILITIES					
Total Liabilities	9,835				9,835
	<hr/>		<hr/>		<hr/>
NET POSITION					
Invested in Capital Assets	550,333				550,333
Restricted for:					
Excess Surplus - Designated for					
Subsequent Year's Expenditures	724,557				724,557
Capital Reserve	225,850				225,850
Maintenance Reserve	354,711				354,711
Tuition Reserve	258,870				258,870
Assigned:					
Tuition Reserve Designated for Subsequent					
Year's Expenditures	276,900				276,900
Unrestricted	9,197		12,389		21,586
	<hr/>		<hr/>		<hr/>
Total Net Position	\$ 2,400,418	\$	12,389	\$	2,412,807
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Support Services:						
Tuition	\$ 2,608,253	\$	\$ 20,537	\$ (2,587,716)	\$	\$ (2,587,716)
General and Business						
Administrative Services	85,420			(85,420)		(85,420)
Central Services	23,896			(23,896)		(23,896)
Plant Operations and Maintenance	85,630			(85,630)		(85,630)
Transportation	287,787			(287,787)		(287,787)
Unallocated Employee Benefits	7,898			(7,898)		(7,898)
Debt Service Assessment	342			(342)		(342)
Unallocated Depreciation	29,515			(29,515)		(29,515)
Total Governmental Activities	<u>3,128,741</u>		<u>20,537</u>	<u>(3,108,204)</u>		<u>(3,108,204)</u>
Business-type Activities:						
Food Service	176				(176)	(176)
Total business-type Activities	<u>176</u>				<u>(176)</u>	<u>(176)</u>
Total Primary Government	<u>\$ 3,128,917</u>	<u>\$</u>	<u>\$ 20,537</u>	<u>\$ (3,108,204)</u>	<u>\$ (176)</u>	<u>\$ (3,108,380)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				791,164		791,164
Federal and State Aid Not Restricted				2,507,356		2,507,356
Investment Earnings				2,230		2,230
Miscellaneous				193,631		193,631
Transfer to Charter School				(49,418)		(49,418)
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>3,444,963</u>		<u>3,444,963</u>
Change in Net Position				336,759	(176)	336,583
Net Position—Beginning				<u>2,063,659</u>	<u>12,565</u>	<u>2,076,224</u>
Net Position—Ending				<u>\$ 2,400,418</u>	<u>\$ 12,389</u>	<u>\$ 2,412,807</u>

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

FUND FINANCIAL STATEMENTS

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

BOROUGH OF CHESILHURST BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,651,552	\$	\$ 1,651,552
Tax Levy Receivable	197,591		197,591
Interfund Receivable	1,955		1,955
State aid Receivable	10,777		10,777
Total Assets	<u>\$ 1,861,875</u>	<u>\$</u>	<u>\$ 1,861,875</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$	\$ 1,955	\$ 1,955
Accounts Payable	9,835		9,835
Total Liabilities	<u>9,835</u>	<u>1,955</u>	<u>11,790</u>
Fund Balances:			
Restricted For:			
Excess Surplus Designated for Subsequent Year's Expenditures	724,557		724,557
Capital reserve	225,850		225,850
Maintenance Reserve	354,711		354,711
Tuition Reserve	258,870		258,870
Assigned:			
Tuition Reserve Designated for Subsequent Year's Expenditures	276,900		276,900
Unassigned (Deficit)	11,152	(1,955)	9,197
Total Fund Balances	<u>1,852,040</u>	<u>(1,955)</u>	<u>1,850,085</u>
Total Liabilities and Fund Balances	<u>\$ 1,861,875</u>	<u>\$</u>	

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of the Assets is \$1,259,369 and the Accumulated Depreciation is \$709,036. (See Note 6)

550,333

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).

Net Position of Governmental Activities

\$ 2,400,418

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

BOROUGH OF CHESILHURST BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 791,164	\$	\$ 791,164
Interest Earned	2,230		2,230
Miscellaneous	193,631		193,631
Total - Local Sources	987,025		987,025
State Sources	2,507,356	20,537	2,527,893
Total Revenues	3,494,381	20,537	3,514,918
EXPENDITURES			
Current:			
Support Services:			
Tuition	2,588,701	19,552	2,608,253
General Administrative Services	85,420		85,420
Central Services	23,896		23,896
Plant Operations and Maintenance	85,630		85,630
Transportation	287,787		287,787
Unallocated Benefits	7,898		7,898
Capital Outlay	411,288		411,288
Total Expenditures	3,490,620	19,552	3,510,172
Excess (Deficiency) of Revenues over Expenditures	3,761	985	4,746
OTHER FINANCING SOURCES (USES)			
Transfers Out - Charter School	(49,418)		(49,418)
Total Other Financing Sources and Uses	(49,418)		(49,418)
Net Change in Fund Balances	(45,657)	985	(44,672)
Fund Balance—July 1	1,897,697	(2,940)	1,894,757
Fund Balance—June 30	\$ 1,852,040	\$ (1,955)	\$ 1,850,085

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

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (44,672)

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	(29,515)
Capital Outlay	410,946

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

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

Payment of accrued interest on long term debt is an expenditure in the government funds, but the payment reduces the liability in the Statement of Net Position and is not reported in the Statement of Activities.

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

Change in Net Position of Governmental Activities (A-2) \$ 336,759

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

BOROUGH OF CHESILHURST BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities	
	Enterprise Funds	
	Food	
	Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 11,789	\$ 11,789
Inventory	600	600
	<hr/>	<hr/>
Total Current Assets	12,389	12,389
	<hr/>	<hr/>
Fixed Assets:		
Furniture, Machinery, & Equipment	18,100	18,100
Less Accumulated Depreciation	(18,100)	(18,100)
	<hr/>	<hr/>
Total Fixed Assets	-	-
	<hr/>	<hr/>
Total Assets	12,389	12,389
	<hr/>	<hr/>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Due to Other Funds		
	<hr/>	<hr/>
Total Current Liabilities		
	<hr/>	<hr/>
Net Position		
Invested in Capital Assets Net of Related Debt		
Unrestricted	12,389	12,389
	<hr/>	<hr/>
Total Net Position	\$ 12,389	\$ 12,389
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF CHESILHURST BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities	
	Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services	\$	\$
Total Operating Revenue:		
Operating Expenses:		
Depreciation	176	176
Total Operating Expenses	176	176
Operating Income (Loss)	(176)	(176)
Non-operating Revenues (Expenses):		
Federal Sources:		
Total Non-operating Revenues (Expenses)		
Income (Loss) before Contributions & Transfers	(176)	(176)
Transfers In (Out)		
Change in Net Position	(176)	(176)
Total Net Position—Beginning	12,565	12,565
Total Net Position—Ending	\$ 12,389	\$ 12,389

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

BOROUGH OF CHESILHURST BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities	
	Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Receivables	\$	\$
Net cash provided by (used for) operating activities	_____	_____
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources		
Federal Sources		
Operating Transfer Out		
Net cash provided by (used for) non-capital financing activities	_____	_____
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends		
Net cash provided by (used for) investing activities	_____	_____
Net increase (decrease) in cash and cash equivalents		
Balances—Beginning of Year	11,789	11,789
Balances—End of Year	\$ 11,789	\$ 11,789
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (176)	\$ (176)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:		
Depreciation and Net Amortization	176	176
Total Adjustments	176	176
Net Cash Provided by (Used For) Operating Activities	\$ _____	\$ _____

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

NOTES TO THE FINANCIAL STATEMENTS

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Borough of Chesilhurst School District (District) is organized as a Type II school district under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of seven members. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of 1.73 square miles. It is located in Camden County and provides education for all of Chesilhurst Borough's grades K through 12. The District operated one instructional building for grades K through 6 up to the 2008-09 school year. As of July 1, 2009, all students were attending the Winslow Township School District on a tuition basis.

A. Reporting Entity:

The Borough of Chesilhurst School District is a Type II District located in the 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. These terms are staggered so that three members' terms expire each year.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The District adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.

- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.

- GASB No. 77, *Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.

- GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- GASB No. 72 - *Fair Value Measurement and Application*: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

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

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued):

- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.

- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

A. Basis of Presentation:

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (Cont'd)

District-wide Statements: The statement of Net Position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of Net Position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUNDS

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

General Fund - The 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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District does not currently have any open capital projects in the fund as of June 30, 2016.

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, 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:

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund. As the District was a non-operating District during the 2015-16 school year, the food service fund was not maintained. Balances in the fund will remain until such time as a final decision is reached, regarding operation, consolidation or continued non-operating status.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:

Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FIDUCIARY FUNDS

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and the following scholarship funds:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. 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. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is 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 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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

A reconciliation of the general and special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is presented on Exhibit C-3.

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.

E. Encumbrances Accounting:

The following budget adjustments and transfers were made to/(from) budgetary line items:

<u>Account Name</u>	<u>Amount</u>
Support Services General Administration	\$ (4,200)
Support Services Central Services	900
Req. Maintenance for School Facilities	(7,500)
Undistributed Expenditures - Student Transportation Service	15,000
Increase in Maintenance Reserve	272,900
Capital Outlay - Construction Services	413,670
Transfer to Capital Projects Fund	365,000

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. There were no open encumbrances in the special revenue fund that would be reflected in the balance sheet as unearned revenues at fiscal year end.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

F. Tuition Receivable:

Tuition charges are established by the Board of Education based on estimated costs. There were no tuition receivable contracts during the 2015-2016 school year.

G. Tuition Payable:

Prior to the 2009-10 school year, only District students in Grades 7 through 12 were sent to The Winslow Township School District on a tuition basis. In the 2009-10 school year, all students grades K through 12 were sent to Winslow Township School District on a tuition basis.

Tuition charges for the fiscal years 2014-15 and 2015-16 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined. Accordingly, the District transferred \$258,870 into a Tuition Reserve account, as of June 30, 2016.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase. On District-Wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

I. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Unearned Revenue:

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

K. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016. The food service enterprise fund had a Supply inventory balance of \$600 at June 30, 2016. These supplies will remain on hand until such time as the non-operating status of the district is resolved.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2016 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

L. 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 when 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 Statement of Net Position. 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 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Operating Revenues and Expenses:

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

N. Extraordinary and Special Items:

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

O. Lease Acquisition Cost:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

P. Allocation of Indirect Expenses:

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

Q. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

R. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Management 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 of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

T. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position.

U. Net Position

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

V. Fund Balance Reserves:

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

W. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

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.

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.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit. In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments: New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, \$1,426,474 of the School District's bank balance of \$1,676,474 was exposed to custodial credit risk.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by New Jersey School Districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. During the 2015-16 school-year, the District transferred \$225,850 into a reserve account.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5. TUITION CONTRACTS AND ADJUSTMENTS PAYABLE

The 2014-15 billing adjustment, if any, will be charged to the 2016-2017 budget and paid when the necessary supporting documentation is received and properly examined, based on audited tuition rates and enrollment.

NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</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>74,000</u>
Building and building improvements	556,377	410,946		967,323
Site Improvements	62,285			62,285
Machinery and equipment	155,761			155,761
Totals at historical cost	<u>774,423</u>	<u>410,946</u>		<u>1,185,369</u>
Less accumulated depreciation for :				
Building and improvements	(500,610)	(21,962)		(522,572)
Site Improvements	(46,205)	(3,114)		(49,319)
Equipment	(132,706)	(4,439)		(137,145)
Total accumulated depreciation	<u>(679,521)</u>	<u>(29,515)</u>		<u>(709,036)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>94,902</u>	<u>381,431</u>		<u>476,333</u>
Government activities capital assets, net	<u>\$ 168,902</u>	<u>\$ 381,431</u>	<u>\$ -</u>	<u>\$ 550,333</u>
				To A-1
Business-type activities - Equipment	\$ 18,100	\$ -		\$ 18,100
Less accumulated depreciation	(17,924)	(176)		(18,100)
Business-type activities capital assets, net	<u>\$ 176</u>	<u>\$ (176)</u>	<u>\$ -</u>	<u>\$ -</u>
				<u>Depreciation expense was charged to governmental functions as unallocated</u>
				<u>\$ 29,515</u>

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Long-term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total bonds payable	<hr/>					
Other Liabilities:						
Compensated absences payable					-	-
Total other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<hr/>					
	To A-1					
Business-Type Activities:						
Compensated absences payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<hr/>					

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

B. Bonds Authorized But Not Issued -- As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases -- The District does not have any open capital leases as of June 30, 2016.

NOTE 8. OPERATING LEASES

The District has commitments to lease a copier under an operating lease that expires in 2018. There were no operating lease obligations initiated during the year ended June 30, 2016. Future minimum scheduled lease payments are as follows, depending on continued operations:

Year ending June 30,	<u>Amount</u>
2017	\$ 1,674
2018	417
2019	0
Total future minimum lease payments	\$ <u>2,091</u>

NOTE 9. PENSION PLANS

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 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. Members contribute at a uniform rate.

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

For the year ended June 30, 2016, the District's did not have any pension expense to be reflected in the plans allocation of TPAF pension, there was no support provided by the State. At June 30, 2016, the District did not report deferred outflows of resources and deferred inflows of resources related to pensions.

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

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

For the year ended June 30, 2016, the District was not required to recognize pension expense or deferred outflows of resources and deferred inflows of resources related to PERS.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provision of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Significant Legislation - P.L. 2011, c. 78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 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 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. PENSION PLANS (CONT'D)

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 0	100%	\$ 0
6/30/15	0	100	0
6/30/14	349	100	349

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 0	100%	\$ 0
6/30/15	0	100	0
6/30/14	13,385	100	0

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$0 to the TPAF for pension and \$0 in post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$0 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11. COMPENSATED ABSENCES

The School 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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

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

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

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, 2016, there was no liability for compensated absences in the General Fund or Food Service Fund.

NOTE 12. DEFERRED COMPENSATION

As there were no wages during the 2015-2016 school year, the Board no longer offers deferred compensation plans created in accordance with Internal Revenue Code Section 403(b).

NOTE 13. RISK MANAGEMENT

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

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

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13. RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Cancellation</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$	\$	\$	\$ 0
2014-2015				0
2013-2014		14,316		14,316

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,955	\$
Special Revenue Fund		1,955
Total	<u>\$ 1,955</u>	<u>\$ 1,955</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,852,040 balance in General Fund balance at June 30, 2016, \$0 has been assigned to Year-End Encumbrances; \$225,850 has been restricted in a Capital Reserve account; \$724,557 is restricted for excess surplus in accordance with N.J.S.A. 18AC:7F-7, of which \$724,557 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$354,711 has been restricted in the Maintenance Reserve Account; \$535,770 has been restricted in the Tuition Reserve Account, of which \$230,000 has been included as anticipated revenue for the year ending June 30, 2016; and \$0 has been assigned and included as anticipated revenue for the year ending June 30, 2016 and \$11,152 represents unrestricted and unassigned Fund Balance.

NOTE 16. LITIGATION

The District is, from time to time, involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 17. 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. At June 30, 2016, there was \$724,557 in excess fund balance, of which \$724,557 is to be anticipated as revenue in the 2016-17 budget and \$11,152 represents unrestricted and unassigned Fund Balance.

NOTE 18. DEFICIT FUND BALANCES

The District had no deficit in the General fund and (\$1,955) in the Special Revenue Fund as of June 30, 2016 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 year, Districts must record the last state aid payment as revenue, for budgeted purposes only, in the current 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 state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

The amount of the 19th and 20th State Aid payments that have not been reflected as revenue in the 2015-16 School Year is \$249,625 in the General Fund and \$1,955 in the Special Revenue Fund.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general or special revenue fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

NOTE 20. SUBSEQUENT EVENTS

There were no events subsequent to June 30, 2016 requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 791,164	\$	\$ 791,164	\$ 791,164	\$
Interest on Investments				2,035	2,035
Interest on Investments - Maintenance Reserve	850		850	195	(655)
Miscellaneous	1,500		1,500	193,631	192,131
	<u>793,514</u>		<u>793,514</u>	<u>987,025</u>	<u>193,511</u>
State Sources:					
Categorical Special Education Aid	95,861		95,861	95,861	
Equalization Aid	1,533,518		1,533,518	1,533,518	
Categorical Security Aid	50,877		50,877	50,877	
Adjustment Aid	691,027		691,027	691,027	
Categorical Transportation Aid	122,687		122,687	122,687	
Extraordinary Aid				8,515	8,515
Nonpublic Transportation				2,262	2,262
PARCC Readiness Aid	1,310		1,310	1,310	
Per pupil Growth Aid	1,310		1,310	1,310	
	<u>2,496,590</u>		<u>2,496,590</u>	<u>2,507,367</u>	<u>10,777</u>
Total - State Sources					
Federal Sources					
TOTAL REVENUES	<u>3,290,104</u>		<u>3,290,104</u>	<u>3,494,392</u>	<u>204,288</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	1,909,870		1,909,870	1,890,318	19,552
Tuition - Other LEAs Within the State - Special	565,064		565,064	565,064	
Tuition - County Voc. School District - Regular	18,456		18,456	18,456	
Tuition - Private Schls/Disabled within State	122,281		122,281	114,863	7,418
	<u>2,615,671</u>		<u>2,615,671</u>	<u>2,588,701</u>	<u>26,970</u>
Total Undistributed Expenditures - Instruction					

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
Support Services General Administration:					
Legal Services	\$ 28,000	\$ (7,500)	\$ 20,500	\$ 1,502	\$ 18,998
Audit Fees	16,000		16,000	13,496	2,504
Architectural/Engineering Services	10,000	3,300	13,300	5,215	8,085
Other Purchased Professional Services	43,000		43,000	42,115	885
Communications/Telephone	18,500		18,500	7,295	11,205
Other Purchased Services	13,000		13,000	7,094	5,906
General Supplies	5,000		5,000	4,752	248
BOE In-house Training/Meeting Supplies	1,000	300	1,300	1,300	
Miscellaneous Expenditures	3,500		3,500		3,500
BOE Membership Dues and Fees	3,500	(300)	3,200	2,651	549
Total Support Services General Administration	141,500	(4,200)	137,300	85,420	51,880
Support Services Central Services					
Salaries					
Purchased Professional Services	32,700		32,700	17,234	15,466
Purchased Technical Services	6,500	500	7,000	6,140	860
Supplies and Materials	1,500	400	1,900	522	1,378
Total Support Services Central Services	40,700	900	41,600	23,896	17,704
Req. Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	50,000	1,000	51,000	46,916	4,084
General Supplies	15,000	(8,500)	6,500	3,162	3,338
Total Req. Maintenance for School Facilities:	65,000	(7,500)	57,500	50,078	7,422
Custodial Services					
Cleaning, Repair, and Maintenance Services	2,500		2,500	1,924	576
Other Operation and Maintenance of Plant :					
Other Purchased Property Services	10,000		10,000		10,000
Insurance	17,500		17,500	6,646	10,854
General Supplies	4,000		4,000	2,075	1,925
Energy (Natural Gas)	7,000		7,000	4,004	2,996
Energy (Electricity)	24,500		24,500	20,903	3,597
Other Operation and Maintenance of Plant :	63,000		63,000	33,628	29,372
Total Operations and Maintenance of Plant Services	130,500	(7,500)	123,000	85,630	37,370
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC Transportation Programs	3,000	3,300	6,300	6,048	252
Contracted Services - Aid in Lieu of Payments - Choice Schl	20,000	(15,300)	4,700	1,768	2,932
Contracted Services (Home/School) - Vendors	210,000	(8,000)	202,000	157,909	44,091
Contracted Services (Home/school) - Joint Agreements	7,000	(5,000)	2,000	1,097	903
Contracted Services (Spl. Ed. Students) - ESC's & CTSA's	35,000	87,000	122,000	120,965	1,035
Miscellaneous Purchased Services - Transportation	47,000	(47,000)			
Total Student Transportation Services	322,000	15,000	337,000	287,787	49,213

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Unallocated Benefits					
TPAF Contributions - ERIP	\$ 8,000	\$	\$ 8,000	\$ 7,539	\$ 461
Other Retirement Contributions - ERIP	500		500	359	141
Total Unallocated Benefits	8,500		8,500	7,898	602
Required Maintenance for School Facilities					
Interest Earned on Maintenance Reserve	850		850		850
Increase in Maintenance Reserve		272,900	272,900		272,900
	850	272,900	273,750		273,750
TOTAL EXPENDITURES - CURRENT EXPENSE	3,259,721	277,100	3,536,821	3,079,332	457,489
CAPITAL OUTLAY					
Increase in Capital Reserve	850		850		850
Undistributed Expenses					
Facilities Acquisition and Construction Services					
Construction Services		413,670	413,670	410,946	2,724
Assessment for Debt Service on SDA Funding	342		342	342	
TOTAL CAPITAL OUTLAY EXPENDITURES	1,192	413,670	414,862	411,288	3,574
TOTAL EXPENDITURES	3,260,913	690,770	3,951,683	3,490,620	461,063
Excess (Deficiency) of Revenues and Other					
Over (Under) Expenditures	29,191	(690,770)	(661,579)	3,772	665,351
Other Financing Sources (Uses):					
Transfer of Funds to Charter Schools	(49,418)		(49,418)	(49,418)	
Transfer to Capital Projects Fund	(365,000)	365,000			
Total Other Financing Sources	(414,418)	365,000	(49,418)	(49,418)	
Excess (Deficiency) of Revenues and Other					
Financing Sources Over (Under) Expenditures and Other Financing Uses	(385,227)	(325,770)	(710,997)	(45,646)	665,351
Fund Balances, July 1	2,147,311		2,147,311	2,147,311	
Fund Balances, June 30	\$ 1,762,084	\$ (325,770)	\$ 1,436,314	\$ 2,101,665	\$ 665,351

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Adjustments</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<u>RECAPITULATION OF FUND BALANCE:</u>					
Restricted Fund Balance:					
Excess Surplus	\$	\$	\$	\$	\$
Excess Surplus Designated for Subsequent Year's Expenditures				724,557	
Capital Reserve				225,850	
Maintenance Reserve				354,711	
Tuition Reserve - 2015-16				258,870	
Assigned Fund Balance:					
Tuition Reserve Designated for Subsequent Year's Expenditures				276,900	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				260,777	
				2,101,665	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(249,625)	
Fund Balance per Governmental Funds (GAAP)	\$	\$	\$	\$ 1,852,040	\$

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 19,552	\$	\$ 19,552	\$ 19,552	\$
Total Revenues	<u>19,552</u>		<u>19,552</u>	<u>19,552</u>	
EXPENDITURES:					
Instruction					
Tuition	19,552		19,552	19,552	
Total Instruction	<u>19,552</u>		<u>19,552</u>	<u>19,552</u>	
Total Expenditures	<u>19,552</u>		<u>19,552</u>	<u>19,552</u>	
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART II

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

	<u>Ref.</u>	<u>General Fund</u>	<u>Ref.</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	\$ 3,494,392	[C-2]	\$ 19,552
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				
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		249,614		2,940
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(249,625)		(1,955)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	\$ 3,494,381	[B-2]	\$ 20,537
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,490,620	[C-2]	\$ 19,552
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Prior Year				
Current Year				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes				
Net transfers (outflows) to capital project fund and food service fund.				
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2]	\$ 3,490,620	[B-2]	\$ 19,552

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Public Employee's Retirement System

	<u>2016</u>
District's Proportion of the Net Pension Liability(Asset)	
District's Proportionate Share of the Net Pension Liability (Asset)	\$
District's Covered-Employee Payroll	\$
	N/A
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

BOROUGH OF CHESILHURST BOARD OF EDUCATION

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System

	<u>2016</u>
Contractually Required Contribution	\$
Contributions in Relation to the Contractually Required Contribution	N/A
Contribution Deficiency (Excess)	\$ <u><u> </u></u>
District's Covered-Employee Payroll	\$
Contributions as a Percentage of Covered-Employee Payroll	

SCHEDULE L-3

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers Pension Plan

2016

District's Proportion of the Net Pension Liability(Asset)	
State's proportionate share of the net pension liability (asset) associated with the District	\$
District's Covered-Employee Payroll	\$
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee payroll	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

BOROUGH OF CHESILHURST BOARD OF EDUCATION

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
SPECIAL REVENUE FUND - BUDGETARY BASIS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Preschool Education Aid	TOTALS	
		2016	2015
REVENUES:			
State Sources	\$ 19,552	\$ 19,552	\$ 29,328
Total Revenues	19,552	19,552	29,328
EXPENDITURES:			
Instruction:			
Tuition	19,552	19,552	29,328
Total Instruction	19,552	19,552	29,328
Support Services:			
Total Support Services			
Total Expenditures	\$ 19,552	\$ 19,552	\$ 29,328

BOROUGH OF CHESILHURST BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Tuition to Other LEAs within State-Regular	\$ 19,552	\$ 19,552	
Total Instruction	<u>19,552</u>	<u>19,552</u>	
Support Services:			
Total Support Services			
Facilities Acquisition and Construction Services:			
Total Facilities Acquisition and Construction Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 19,552</u>	<u>\$ 19,552</u>	

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-16 Preschool Education Aid Allocation	\$ 19,552	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2015)		(2)
Add: Budgeted Transfer from the General Fund 2015-16		(3)
	<u>19,552</u>	
Total Preschool Education Aid Funds Available for 2015-16 Budget	19,552	(4)
Less: 2014-15 Budgeted Preschool Education Aid (including prior year budget carryover)	19,552	(5)
	<u>-</u>	
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-	(6)
Add: June 30, 2015 Unexpended Preschool Education Aid	-	(7)
Less: 2014-15 Commissioner-approved Transfer to the General Fund		(8)
	<u>2014-15 Carryover -Preschool Education Aid Programs</u>	(9)
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	\$	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

PROPRIETARY FUND DETAIL STATEMENTS

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

Food Services Fund – This fund provides for the operation of food services in all schools within the School District.

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS:		
Current Assets:		
Cash	\$ 11,789	\$ 11,789
Inventories	600	600
Total Current Assets	<u>12,389</u>	<u>12,389</u>
Fixed Assets:		
Equipment	18,100	18,100
Accumulated Depreciation	(18,100)	(17,924)
Total Fixed Assets	<u>-</u>	<u>176</u>
Total Assets	<u>12,389</u>	<u>12,565</u>
LIABILITIES:		
Current Liabilities:		
Interfund Payable		
Total Current Liabilities		
NET POSITION:		
Invested in Capital Assets, Net of Related Debt		176
Unrestricted	12,389	12,389
Total Net Position	<u>\$ 12,389</u>	<u>\$ 12,565</u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$	\$
School Breakfast Program		
Total Daily Sales - Reimbursable Programs		
Daily Sales Non-Reimbursable Programs		
Total Operating Revenue		
OPERATING EXPENSES:		
Salaries		
Cost of Sales		
Depreciation	176	354
Total Operating Expenses	176	354
Operating Loss	(176)	(354)
Non-Operating Revenues:		
Fixed Asset Adjustment		
Total Non-Operating Revenues		
Net Income before Operating Transfers	(176)	(354)
Operating Transfer Out		
Net Income (Deficit)	(176)	(354)
Net Position, July 1	12,565	12,919
Net Position, June 30	\$ 12,389	\$ 12,565

BOROUGH OF CHESILHURST SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (176)	\$ (354)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation	176	354
Change in Assets and Liabilities: (Increase)/Decrease in Accounts Receivable Increase/(Decrease) in Inventories		
Net Cash Used by Operating Activities	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities:		
Cash Received from State and Federal Reimbursements Operating Transfer Out		
Net Cash Provided by Noncapital Financing Activities	<hr/>	<hr/>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Asset		
Cash Flows from Investing Activities:		
Interest on Investments		
Net Decrease in Cash and Cash Equivalents	<hr/>	<hr/>
Cash and Cash Equivalents, July 1	11,789	11,789
Cash and Cash Equivalents, June 30	\$ <u>11,789</u>	\$ <u>11,789</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

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

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

Payroll Fund – This agency fund is used to account for the payroll transactions of the School District.

LONG-TERM DEBT SCHEDULES

N/A

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

STATISTICAL SECTION

BOROUGH OF CHESILHURST SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 283,288	\$ 260,428	\$ 251,632	\$ 250,166	\$ 226,632	\$ 207,900	\$ 189,943	\$ 172,240	\$ 168,902	\$ 550,333
Restricted	814,429	756,031	761,741	5,895	191,429	472,373	514,779	1,021,800	1,889,022	1,840,888
Unrestricted	120,824	115,179	74,290	(96,355)	(16,612)	(21,767)	18,595	15,428	5,735	9,197
Total Governmental Activities Net Position	\$ 1,218,541	\$ 1,131,638	\$ 1,087,663	\$ 159,706	\$ 401,449	\$ 658,506	\$ 723,317	\$ 1,209,468	\$ 2,063,659	\$ 2,400,418
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 7,483	\$ 6,704	\$ 5,924	\$ 1,943	\$ 1,590	\$ 1,237	\$ 884	\$ 530	\$ 176	\$
Unrestricted	(13,537)	(5,038)	12,389	12,389	12,389	12,389	12,389	12,389	12,389	12,389
Total Business-Type Activities Net Position	\$ (6,054)	\$ 1,666	\$ 18,313	\$ 14,332	\$ 13,979	\$ 13,626	\$ 13,273	\$ 12,919	\$ 12,565	\$ 12,389
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 290,771	\$ 267,132	\$ 257,556	\$ 252,109	\$ 228,222	\$ 209,137	\$ 190,827	\$ 172,770	\$ 169,078	\$ 550,333
Restricted	814,429	756,031	761,741	5,895	191,429	472,373	514,779	1,021,800	1,889,022	1,840,888
Unrestricted	107,287	110,141	86,679	(83,966)	(4,223)	(9,378)	30,984	27,817	18,124	21,586
Total District-Wide Net Position	\$ 1,212,487	\$ 1,133,304	\$ 1,105,976	\$ 174,038	\$ 415,428	\$ 672,132	\$ 736,590	\$ 1,222,387	\$ 2,076,224	\$ 2,412,807

Source: CAFR Schedule A-1

BOROUGH OF CHESILHURST SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 807,300	\$ 878,483	\$ 900,735	\$ 56,088	\$ 56,088	\$ 28,044	\$	\$	\$	\$
Special Education	117,853	108,244	167,042							
Other Special Instruction	16,792	19,988	21,354							
Other Instruction										
Support Services										
Tuition	1,639,287	1,884,517	1,666,988	3,356,068	2,506,679	2,479,580	2,538,218	2,396,866	2,798,655	2,608,253
Student and Instruction Related Services	369,887	310,325	417,723	18,912						
General Administrative Services	146,946	174,689	152,340	209,453	183,915	259,254	121,548	82,768	95,024	85,420
School Administrative Services	8,483	15,247	16,377	14,917						
Central Services				33,929	22,407	24,986	36,577	16,111	21,728	23,896
Plant Operations and Maintenance	212,631	220,934	192,994	76,720	68,290	61,887	74,929	94,137	108,758	85,630
Pupil Transportation	144,888	205,734	191,857		130,101	213,481	292,566	223,497	261,326	287,787
Employee Benefits	31,456	23,433	36,505	192,586	120,808	74,400	60,464	21,332	7,893	7,898
Debt Service									342	342
Unallocated Depreciation and Amortization				23,534	23,534	18,732	17,957	17,703	18,143	29,515
Total Governmental Activities Expenses	3,495,523	3,841,594	3,763,915	3,982,207	3,111,822	3,160,364	3,142,259	2,852,414	3,311,869	3,128,741
Business-Type Activities										
Food Service	115,479	101,631	100,424	353	353	353	353	354	354	176
Total Business-Type Activities Expense	115,479	101,631	100,424	353	353	353	353	354	354	176
Total District Expenses	\$ 3,611,002	\$ 3,943,225	\$ 3,864,339	\$ 3,982,560	\$ 3,112,175	\$ 3,160,717	\$ 3,142,612	\$ 2,852,768	\$ 3,312,223	\$ 3,128,917
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 469,990	\$ 431,207	\$ 207,896	\$ 66,530	\$ 96,968	\$ 42,723	\$ 77,444	\$ 22,178	\$ 27,371	\$ 20,537
Total Governmental Activities Prog. Revenues	469,990	431,207	207,896	66,530	96,968	42,723	77,444	22,178	27,371	20,537
Business-Type Activities										
Charges for Services										
Food Service	8,707	7,062	6,395							
Operating Grants and Contributions	57,376	57,289	60,676							
Total Business-Type Activities Prog. Revenues	66,083	64,351	67,071	-	-	-	-	-	-	-
Total District Program Revenues	\$ 536,073	\$ 495,558	\$ 274,967	\$ 66,530	\$ 96,968	\$ 42,723	\$ 77,444	\$ 22,178	\$ 27,371	\$ 20,537
Net (Expense)/Revenue										
Governmental Activities	\$ (3,025,533)	\$ (3,410,387)	\$ (3,556,019)	\$ (3,915,677)	\$ (3,014,854)	\$ (3,117,641)	\$ (3,064,815)	\$ (2,830,236)	\$ (3,284,498)	\$ (3,108,204)
Business-Type Activities	(49,396)	(37,280)	(33,353)	(353)	(353)	(353)	(353)	(354)	(354)	(176)
Total District-Wide Net Expense	\$ (3,074,929)	\$ (3,447,667)	\$ (3,589,372)	\$ (3,916,030)	\$ (3,015,207)	\$ (3,117,994)	\$ (3,065,168)	\$ (2,830,590)	\$ (3,284,852)	\$ (3,108,380)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 853,814	\$ 781,162	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Unrestricted Grants and Contributions	2,323,091	2,441,525	2,617,529	2,252,203	2,452,556	2,591,773	2,351,653	2,493,590	2,504,626	2,507,356
Investment Earnings	63,435	29,128	6,088	3,250	1,657	1,080	2,841	4,018	3,032	2,230
Miscellaneous Income	216,289	115,233	105,289		28,395	9,203	17,440	27,473	894,173	193,631
Fixed Asset Adjustment	21,985		61,877	1,338						
Compensated Absences										
Prior Year Adjustments	177,640			(25,239)	(839)					
Transfers	(40,000)	(45,000)	(50,000)	(34,996)	(16,336)	(18,522)	(33,472)	142	(54,306)	(49,418)
Total Governmental Activities	3,616,254	3,322,048	3,531,947	2,987,720	3,256,597	3,374,698	3,129,626	3,316,387	4,138,689	3,444,963
Business-Type Activities										
Compensated Absences	3,678									
Previous Acquired Assets Not Reported	5,213			(3,628)						
Transfer	40,000	45,000	50,000							
Total Business-Type Activities	48,891	45,000	50,000	(3,628)	-	-	-	-	-	-
Total District-Wide	\$ 3,665,145	\$ 3,367,048	\$ 3,581,947	\$ 2,984,092	\$ 3,256,597	\$ 3,374,698	\$ 3,129,626	\$ 3,316,387	\$ 4,138,689	\$ 3,444,963
Change in Net Position										
Governmental Activities	\$ 590,721	\$ (88,339)	\$ (24,072)	\$ (927,957)	\$ 241,743	\$ 257,057	\$ 64,811	\$ 486,151	\$ 854,191	\$ 336,759
Business-Type Activities	(505)	7,720	16,647	(3,981)	(353)	(353)	(353)	(354)	(354)	(176)
Total District-Wide	\$ 590,216	\$ (80,619)	\$ (7,425)	\$ (931,938)	\$ 241,390	\$ 256,704	\$ 64,458	\$ 485,797	\$ 853,837	\$ 336,583

Source: CAFR Schedule A-2

BOROUGH OF CHESILHURST SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	<u>Fiscal Year Ending June 30,</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Restricted	\$ 811,242	\$ 754,770	\$ 844,833	\$ 8,395	\$ 191,429	\$ 105,559	\$ 514,779	\$ 1,021,800	\$ 1,572,336	\$ 1,563,988
Assigned									316,686	276,900
Unrestricted	146,672	142,199	(6,562)	(72,516)	9,727	18,595	18,595	16,411	8,675	11,152
Total General Fund	<u>\$ 957,914</u>	<u>\$ 896,969</u>	<u>\$ 838,271</u>	<u>\$ (64,121)</u>	<u>\$ 201,156</u>	<u>\$ 124,154</u>	<u>\$ 533,374</u>	<u>\$ 1,038,211</u>	<u>\$ 1,897,697</u>	<u>\$ 1,852,040</u>
All Other Governmental Funds										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund - (Deficit)	(13,188)	(14,943)	(5,427)	(5,609)	(5,609)	(5,609)	(2,804)	(983)	(2,940)	(1,955)
Capital Projects Fund	3,187	3,187	3,187							
Total All Other Governmental Funds	<u>\$ (10,001)</u>	<u>\$ (11,756)</u>	<u>\$ (2,240)</u>	<u>\$ (5,609)</u>	<u>\$ (5,609)</u>	<u>\$ (5,609)</u>	<u>\$ (2,804)</u>	<u>\$ (983)</u>	<u>\$ (2,940)</u>	<u>\$ (1,955)</u>

Source: CAFR Schedule B-1

BOROUGH OF CHESILHURST SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 853,814	\$ 781,162	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Interest Earnings	63,435	29,128	6,088	3,250	1,657	1,080	2,841	4,018	3,032	2,230
Miscellaneous	216,289	115,233	105,289		28,395	9,203	17,440	27,473	894,173	193,631
State Sources	2,589,501	2,737,269	2,681,693	2,006,963	2,549,524	2,544,887	2,429,097	2,515,768	2,531,997	2,527,893
Federal Sources	203,580	135,463	143,732	311,770						
Total Revenues	3,926,619	3,798,255	3,727,966	3,113,147	3,370,740	3,346,334	3,240,542	3,338,423	4,220,366	3,514,918
Expenditures										
Instruction										
Regular Instruction	779,304	767,808	792,730	56,088	56,088	28,044				
Special Education Instruction	113,767	94,607	145,993							
Other Special Instruction	16,209	17,470	18,663							
Other Instruction										
Support Services										
Tuition	1,582,439	1,647,097	1,456,933	3,356,068	2,506,679	2,479,580	2,538,218	2,396,866	2,798,655	2,608,253
Student and Instruction Related Services	357,060	271,229	365,086	18,912						
General Administrative Services	141,849	152,680	133,144	209,453	183,915	259,254	121,548	82,768	95,024	85,420
School Administrative Services	8,189	13,326	14,314	14,917						
Central Services				33,929	22,129	24,824	36,355	15,769	21,728	23,896
Plant Operations and Maintenance	205,258	193,099	168,675	76,720	68,190	61,887	74,929	94,137	108,758	85,630
Pupil Transportation	139,863	179,815	167,681		130,101	213,481	292,566	223,497	261,326	287,787
Employee Benefits	30,365	20,481	31,906	192,586						
Unallocated Employee Benefits	435,586	459,779	412,120		120,808	74,400	81,194	21,332	7,893	7,898
Capital Outlay	7,900				278	162	222	342	15,147	411,288
Total Expenditures	3,817,789	3,817,391	3,707,245	3,958,673	3,088,188	3,141,632	3,145,032	2,834,711	3,308,531	3,510,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,830	(19,136)	20,721	(845,526)	282,552	204,702	95,510	503,712	911,835	4,746
Other Financing Sources (Uses)										
Cancellation of Prior Year Payables	185,632									
Prior Year Adjustments	(7,992)			(25,239)	(839)					
Transfers (Net)	(40,000)	(45,000)	(50,000)	(34,996)	(16,336)	(33,472)	(33,472)	142	(54,306)	(49,418)
Total Other Financing Sources (Uses)	137,640	(45,000)	(50,000)	(60,235)	(17,175)	(33,472)	(33,472)	142	(54,306)	(49,418)
Net Change in Fund Balances	\$ 246,470	\$ (64,136)	\$ (29,279)	\$ (905,761)	\$ 265,377	\$ 171,230	\$ 62,038	\$ 503,854	\$ 857,529	\$ (44,672)
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

BOROUGH OF CHESILHURST SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Prior Year Refund	Prior Year Tuition	Prior Year Order Adjustment	Winslow Settlement	Prior Year Insurance	Misc.	Total
2016	\$ 2,230	\$	\$ 193,546	\$ -	\$	\$	\$ 85	\$ 195,861
2015	3,032		2,751	890,736			686	897,205
2014	4,018	464	26,183	890,736			263	921,664
2013	2,841			3,896			13,544	20,281
2012	1,080						9,203	10,283
2011	1,657			14,797			13,598	30,052
2010	3,250							3,250
2009	6,088		7,994		50,724		46,571	111,377
2008	29,128		8,439		50,724		56,070	144,361
2007	63,435			30,000	75,712		116,694	285,841

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2016	\$ 6,254,400	\$ 77,075,800	\$ 4,635,600	\$ 681,000	\$ 416,200	\$ 89,063,000	\$ 345,102	\$ 89,408,102	0.884	\$ 89,063,000
2015	6,419,700	77,365,600	4,688,100	681,000	416,200	89,570,600	350,193	89,920,793	0.949	89,570,600
2014	6,712,800	77,040,100	4,688,100	681,000	416,200	89,538,200	339,931	89,878,131	0.880	82,380,459
2013	6,837,800	77,481,600	4,688,100	778,500	416,200	90,202,200	400,480	90,602,680	0.873	88,410,516
2012	6,793,800	78,013,700	4,688,100	778,500	416,200	90,690,300	390,756	91,081,056	0.870	91,081,056
2011	7,164,200	77,396,600	4,688,100	778,500	416,200	90,443,600	414,807	90,858,407	0.870	88,914,100
2010	7,328,200	76,505,800	4,606,100	778,500	416,200	89,634,800	555,379	90,190,179	0.886	88,914,100
2009	7,508,000	75,605,300	4,606,100	778,500	416,200	88,914,100	438,919	89,353,019	0.891	88,914,100
2008	* 7,328,200	74,505,300	4,801,700	778,500	416,200	87,829,900	385,910	88,215,810	1.757	82,130,332
2007	3,845,900	39,444,536	2,337,800	481,700	220,900	46,330,836	205,288	46,536,124	1.883	59,663,893

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 Tax rates have not been confirmed by the County Board of Taxation as of the date of the audit report.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Borough of Chesilhurst Board of Education			Overlapping Rates			Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Winslow Twp Public School District	Borough of Chesilhurst	Camden County	
2016	\$ 0.884		\$ 0.884		\$ 1.49	\$ 0.832	\$ 3.206
2015	0.949		0.949		1.413	0.800	3.162
2014	0.88		0.880		1.362	0.779	3.021
2013	0.873		0.873		1.306	0.82	2.999
2012	0.870		0.870	c	1.278	0.759	2.907
2011	0.870		0.870		1.278	0.698	2.846
2010	0.877		0.877		1.183	0.571	2.631
2009	0.886		0.886		0.958	0.575	2.419
2008	0.891		0.891		0.756	0.593	2.240
2007	1.757		1.757		1.214	1.076	4.047

(1) District dissolved

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 pre-budget 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.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Fourth Garden Park	\$ 1,358,000	1.51%	\$	1.28%
Sixth Garden Park Limited Partnership	847,700	0.94%	569,900	1.28%
Woods, Bernard	665,600	0.74%	386,800	0.87%
Mermelstein, Alex	550,000	0.61%	311,500	0.70%
Myers Buddy & Gloria	530,200	0.59%	182,100	
Gass, Abdi & Delois	467,200	0.52%		0.41%
Amos, Charles & Patsie	436,600	0.49%	177,500	
Paretti, David	408,400	0.45%	164,300	0.40%
Federal Home Loan	392,000	0.44%	156,000	0.37%
WKM LLC	345,600	0.38%	152,800	0.35%
Total	<u>\$ 6,001,300</u>	<u>6.68%</u>	<u>\$ 2,100,900</u>	<u>5.66%</u>

Source: District CAFR & Municipal Tax Assessor

BOROUGH OF CHESILHURST SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 791,164	\$ 593,573	\$ 100.00%	\$ 197,591
2015	791,164	527,443	100.00%	263,721
2014	791,164	725,234	100.00%	65,930
2013	791,164	791,164	100.00%	
2012	791,164	*	100.00%	
2011	791,164	*	100.00%	
2010	791,164	790,325	99.89%	839
2009	791,164	474,698	60.00%	316,466
2008	781,162	592,066	75.79%	189,096
2007	853,814	853,814	100.00%	

* This amount was paid directly to Winslow Township Board of Education by the Borough of Chesilhurst and offset against school tax receivable.

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita ^a			
2016	\$	\$	\$	\$	\$		\$	
2015								
2014								
2013								
2012								
2011								
2010								
2009								
2008				N/A				
2007								

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

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2016	\$	\$	\$	\$	
2015					
2014					
2013					
2012					
2011					
2010					
2009					
2008			N/A		
2007					

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.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(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	\$ 6,109	0%	\$ 6,109
Other debt			
Camden County	342,450,381	0.226%	773,187
Subtotal, Overlapping Debt			<u>779,296</u>
Borough of Chesilhurst School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 779,296</u></u>

Sources: Borough of Chesilhurst Finance Officer, Camden County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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 SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis	
	2015	\$ 84,159,166
	2014	88,730,750
	2013	82,459,274
	[A]	\$ 255,349,190
		<hr/>
Average Equalized Valuation of Taxable Property	[A/3]	\$ 85,116,397
Debt Limit (2.5% of Average Equalization Value)	[B]	2,127,910 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 2,127,910
		<hr/>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,491,597	\$ 1,711,952	\$ 1,806,710	\$ 1,876,293	\$ 1,948,293	\$ 1,948,293	\$ 2,209,694	\$ 2,168,684	\$ 2,168,972	\$ 2,127,910
Total Net Debt Applicable to Limit										
Legal Debt Margin	\$ 1,491,597	\$ 1,711,952	\$ 1,806,710	\$ 1,876,293	\$ 1,948,293	\$ 1,948,293	\$ 2,209,694	\$ 2,168,684	\$ 2,168,972	\$ 2,127,910
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Abstract of Ratables

^a Limit set by NJSIA 18A:24-19 for a K through 8 District; other % limits would be applicable for other Districts

BOROUGH OF CHESILHURST SCHOOL DISTRICT
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
2016	** 1,637	\$ 77,521,825	\$ 47,356	8.1%
2015	1,634	76,994,783	47,120	8.3%
2014	1,629	76,377,294	46,886	10.5%
2013	1,632	73,565,664	45,077	15.7%
2012	1,634	73,108,428	44,742	15.8%
2011	1,633	72,039,795	44,115	15.6%
2010	1,636	68,700,548	41,993	15.8%
2009	1,936	80,616,976	41,641	15.1%
2008	1,917	79,312,041	41,373	9.9%
2007	1,892	75,691,352	40,006	7.5%

** Estimate

Source:

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

^b Personal income

^c Per Capita

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>*2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Alliance Data Systems				
Arch America				
Bancroft NeuroHealth				
Campbell Soup Co.				
Cigna Corp.				
The Cooper Health System				
Kennedy Health System				
L-3 Communications Systems - E.				
Our Lady of Lourdes Med. Ctr.				
Virtua Health				
	-			

*Information from Camden County Website. The number of employees per company was not given.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	10.5	9.0								
Special Education	4.0	4.0								
Other Special Education	1.0	1.0								
Vocational										
Other Instruction	1.5	1.0								
Support Services:										
Tuition										
Student & Instruction Related Services	1.0	1.0								
General Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	None	None	None	None
School Administrative Services										
Business Administrative Services	1.0	1.0								
Plant Operations and Maintenance	1.0	1.0								
Pupil Transportation	1.5	1.5								
Food Service	1.0	1.0								
Total	24.0	22.0	1.5	1.5	1.5	1.5				

Source: District Personnel Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	103	\$ 3,783,818	\$ 36,736	-0.55%	15	6.87:1	103	99.20	-0.77%	96.31%
2008	104	3,841,594	36,938	16.25%	15	6.9:1	104	99.20	-11.28%	95.38%
2007	118	3,749,426	31,775	2.71%	15	7.9:1	117	111.50	-1.68%	95.30%

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 J-1
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>Elementary</u>										
Shirley B. Foster (1975)										
Square Feet	15,234	15,234	15,234	15,234	15,234	15,234	37,350	37,350	37,350	37,350
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	118	104	103	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Middle School</u>										
Square Feet										
Capacity (students)	N/A									
Enrollment										
<u>Other</u>										
Administration Building										
Square Feet	N/A									
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										

Number of Schools at June 30, 2016
 Early Learning Center = 0
 Elementary = 1
 Middle School = 0
 Other = 0

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 SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Shirley B. Foster Elem School	N/A	\$ 50,078	\$ 57,197	\$ 42,602	\$ 31,415	\$ 13,483	\$ 24,307	\$ 11,414	\$ 41,423	\$ 44,000	\$ 59,258
Total School Facilities		<u>50,078</u>	<u>57,197</u>	<u>42,602</u>	<u>31,415</u>	<u>13,483</u>	<u>24,307</u>	<u>11,414</u>	<u>41,423</u>	<u>44,000</u>	<u>59,258</u>
Other Facilities											
Grand Total		<u>\$ 50,078</u>	<u>\$ 57,197</u>	<u>\$ 42,602</u>	<u>\$ 31,415</u>	<u>\$ 13,483</u>	<u>\$ 24,307</u>	<u>\$ 11,414</u>	<u>\$ 41,423</u>	<u>\$ 44,000</u>	<u>\$ 59,258</u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Comprehensive General & Auto Liability	\$	5,000,000
Property & Auto Physical Damage		
Boiler & Machinery		
Comprehensive Crime Coverage		
Money and Securities (ea. Loss inside/outside)		
Blanket Dishonesty Bond		
Including Faithful Performance*		
Computer Fraud		
Forgery and Alteration		
Environmental Impairment Liability		
	Fund Agg.	
Excess Liability (GL/AL)		
School Leaders Professional Liability		
	Agg.	
Worker's Compensation		
	Statutory	
Employer's Liability		
Selective		
School Board Secretary		

*Blanket bond positions are excluded.

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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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

INDEPENDENT AUDITOR'S REPORT

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

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 Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Chesilhurst's basic financial statements and have issued our report thereon dated October 26, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Chesilhurst Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915
October 26, 2016

NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE) AND NEW JERSEY OMB TREASURY CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Chesilhurst School District, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Chesilhurst School District's major federal and state programs for the fiscal year ended June 30, 2016. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Chesilhurst Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB Treasury 15-08. Those standards, Uniform Guidance and New Jersey OMB Treasury 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Chesilhurst Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Program

In our opinion, the Board of Education of the Chesilhurst School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Chesilhurst School District's 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 major federal and state programs. In planning and performing our audit, we considered 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 the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chesilhurst School District Board of Education's internal control over compliance.

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

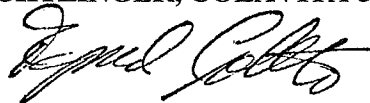
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 26, 2016. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB Treasury 15-08.

This report is intended solely for the information and use of the audit committee, management, the Chesilhurst Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 26, 2016

BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditures	Balance June 30, 2016 (Accounts Receivable)	MEMO		
			From	To	(Accounts Receivable)	Unearned Revenue				Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund												
Special Education Categorical Aid	15-495-034-5120-089	\$ 95,861	7/1/15	6/30/16	\$	\$	\$ 86,274	\$ (95,861)	\$ (9,587) *	\$ (9,587)	\$ 95,861	
Special Education Categorical Aid	15-495-034-5120-089	95,861	7/1/14	6/30/15	(9,584)		9,584					
Equalization Aid	16-495-034-5120-078	1,533,518	7/1/15	6/30/16			1,380,202	(1,533,518)	(153,316) *	(153,316)	1,533,518	
Equalization Aid	15-495-034-5120-078	1,533,518	7/1/14	6/30/15	(153,325)		153,325					
Security Aid	16-495-034-5120-084	50,877	7/1/15	6/30/16			45,792	(50,877)	(5,085) *	(5,085)	50,877	
Security Aid	15-495-034-5120-084	50,877	7/1/14	6/30/15	(5,087)		5,087					
Adjustment Aid	16-495-034-5120-085	691,027	7/1/15	6/30/16			621,918	(691,027)	(69,109) *	(69,109)	691,027	
Adjustment Aid	15-495-034-5120-085	691,027	7/1/14	6/30/15	(69,090)		69,090					
Transportation Aid	16-495-034-5120-014	122,687	7/1/15	6/30/16			122,687	(134,953)	(12,266) *	(12,266)	134,953	
Transportation Aid	15-495-034-5120-098	122,687	7/1/14	6/30/15	(12,266)		12,266					
PARCC Readiness Aid	16-495-034-5120-098	1,310	7/1/15	6/30/16			1,179	(1,310)	(131) *	(131)	1,310	
Per pupil Growth Aid	16-495-034-5120-097	1,310	7/1/15	6/30/16			1,179	(1,310)	(131) *	(131)	1,310	
Extraordinary Aid	15-100-034-5120-473	6,723	7/1/14	6/30/15	(6,723)		6,723					
Extraordinary Aid	16-100-034-5120-473	8,515	7/1/15	6/30/16				(8,515)	(8,515) *		8,515	
Additional Nonpublic Transportation Aid	16-495-034-5120-014	2,262	7/1/15	6/30/16				(2,262)	(2,262) *		2,262	
Additional Nonpublic Transportation Aid	15-495-034-5120-014	1,566	7/1/14	6/30/15	(1,566)		1,566					
Total General Fund					(257,641)		2,516,872	(2,519,633)	(260,402)	(249,625)	2,519,633	
Special Revenue Fund												
Preschool Education Aid	16-495-034-5120-086	19,552	7/1/15	6/30/16			17,597	(19,552)	(1,955) *	(1,955)	19,552	
Preschool Education Aid	15-495-034-5120-086	29,328	7/1/14	6/30/15	(2,940)		2,940					
Total Special Revenue Fund					(2,940)		20,537	(19,552)	(1,955)	(1,955)	19,552	
Total State Financial Assistance					\$ (260,581)	\$	\$ 2,537,409	\$ (2,539,185)	\$ (262,357)	\$ (251,580)	\$ 2,539,185	

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

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 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Treasury 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC 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 a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11) for the general fund and \$(985) for the Special Revenue Fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 2,507,356	\$ 2,507,356
Special Revenue Fund		20,537	20,537
Total Awards & Financial Assistance	\$	\$ 2,527,893	\$ 2,527,893

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: FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Chesilhurst School District had no loan balances outstanding at June 30, 2016.

NOTE 6: OTHER

None

NOTE 7: ADJUSTMENTS

None

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

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

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

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

No Major Programs

Dollar threshold used to distinguish between type A and type B programs (section .518): N/A

Auditee qualified as low-risk auditee? _____ yes _____ no

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes _____ no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

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

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

Any audit findings disclosed that are required to
be reported in accordance with NJ OMB
Circular Letter 15-08 as applicable _____ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: NONE

Criteria or specific requirement:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

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

FEDERAL AWARDS NONE

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

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

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

STATE AWARDS

Information on the state program:

Finding: NONE

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.