

**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, 2019

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For the Fiscal Year Ended June 30, 2019

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
Business Administrator/Board Secretary

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

November 11, 2019

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, 2019, 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 2010-2011 School year.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-19	N/A*	
2017-18	N/A*	
2016-17	N/A*	
2015-16	N/A*	
2014-15	N/A*	
2013-14	N/A*	
2012-13	N/A*	
2011-12	N/A*	

*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 2018-2019 fiscal year is reflected in the financial section. This budget, as well as the 2019-2020 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. DEBT SERVICE:

The maximum amount of allowable debt that the Board may authorize is \$2,108,888. As of June 30, 2019, the District has no outstanding debt.


10. 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 is included in the single audit section of this report.

11. 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,



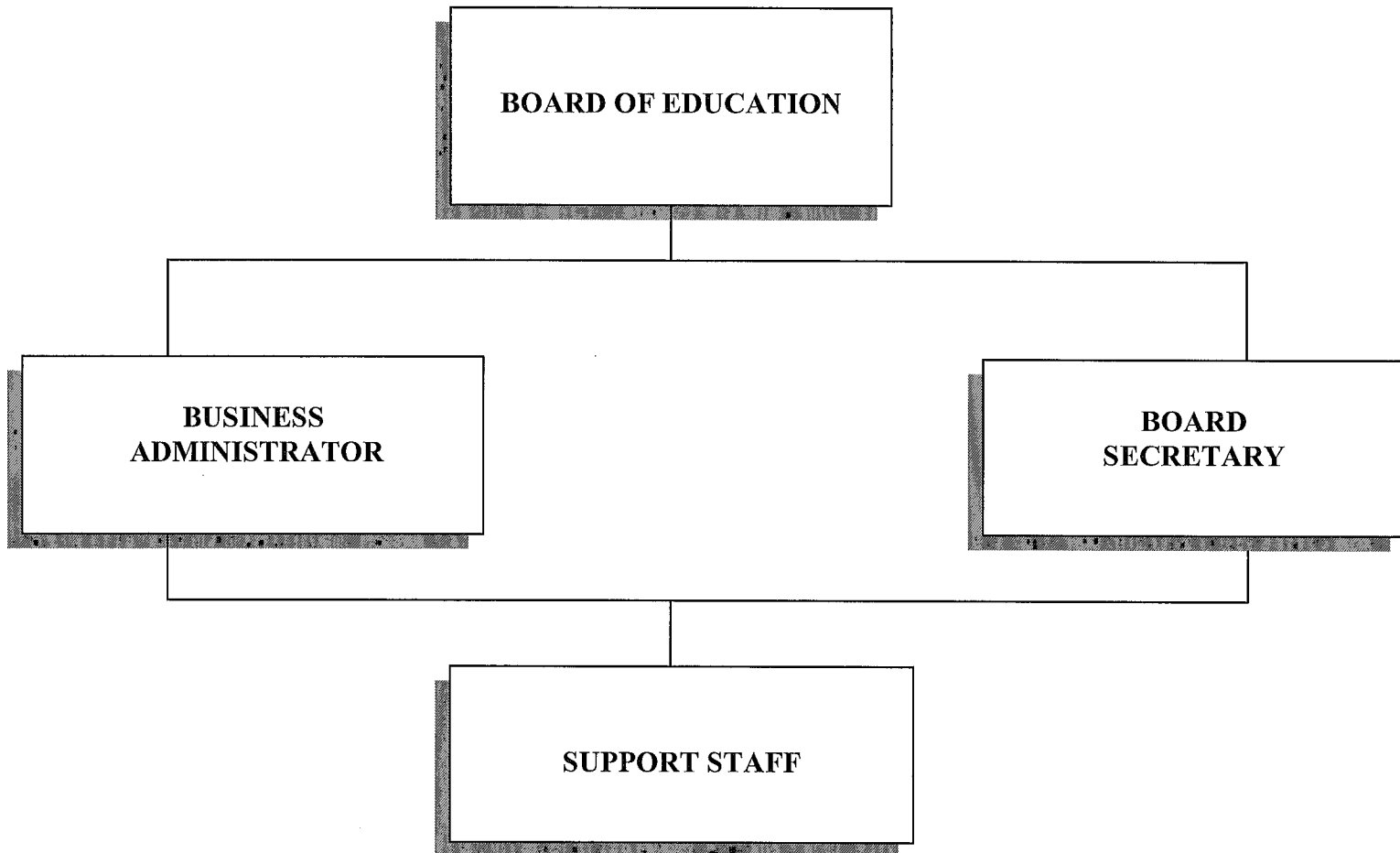
Dr. Frank Badessa
Business Administrator/Board Secretary

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, 2019

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Maria Littles, President	2019
Ronald Harmon, Vice President	2021
Pearl Saylor	2019
Debra Barney	2020
Linda Hirn (To: February 2019)	2020
Josepf Medley	2021

<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Dr. Frank Badessa, Business Administrator/ Board Secret:	200,000
Darryl Rhone, Esq. Linden Law Firm LLC	

Elections are held in November and terms expire on
December 31 of the respective year.

**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. Darryl Rhone
8 Kings Highway, Suite 204
Haddonfield, NJ 08033

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

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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 School District in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Borough of Chesilhurst School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chesilhurst Board of Education in the County of Camden, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, 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, budgetary comparison information and schedules related to accounting and reporting for pensions 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 of the Borough 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance 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 and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 11, 2019 on our consideration of the Borough of Chesilhurst Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chesilhurst Board of Education's 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
November 11, 2019

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, 2019

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, 2019. 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 2019 are as follows:

- ❖ General revenues accounted for \$3,542,462 in total revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$23,731 or .67% percent of the total Governmental Activity revenue.
- ❖ Total Net Position of governmental activities increased by \$121,235 made up of net decreases in cash and receivables, combined with decreases in accounts payable and various other liabilities. Capital assets decreased by \$42,047 due to depreciation.
- ❖ The School District had \$3,444,958 in expenses and only \$23,731 of these expenses was offset grants or contributions. General revenues (primarily state aid, federal aid and property taxes) of \$3,542,462, along with the use of fund balance, were adequate to provide for these programs.
- ❖ The General Fund had \$3,547,689 in revenues, \$3,388,290 in expenditures and no other financing sources. The General Fund's balance increased by \$159,399 over 2018. This increase was the net result of tuition adjustments, combined with decreases in 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 2019?" 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 and was not operated for the last several years.

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 2019 and 2018.

Table 1
Net Position

	<u>2019</u>	<u>2018</u>
Assets		
Current and Other Assets	\$ 2,927,583	\$ 2,746,154
Capital Assets, Net	443,530	485,577
	<u>3,371,113</u>	<u>3,231,731</u>
Total Assets		
Liabilities		
Other Liabilities	34,728	16,581
	<u>34,728</u>	<u>16,581</u>
Total Liabilities		
Net Position		
Invested in Capital Assets, Net of Debt	443,530	485,577
Restricted	2,817,148	2,372,076
Unrestricted	75,707	357,497
	<u>3,336,385</u>	<u>3,215,150</u>
Total Net Position	<u>\$ 3,336,385</u>	<u>\$ 3,215,150</u>

Table 2 shows the changes in Net Position from fiscal year's 2019 and 2018.

Table 2
Changes in Net Position

	2019	2018
Revenues		
Revenues		
Operating Grants and Contributions	\$ 23,731	\$ 57,678
General Revenues		
Property Taxes	791,164	791,164
Investment Income	17,827	7,853
Grants and Entitlements	2,451,558	2,512,146
Other	281,913	698,569
Total Revenues	<u>3,566,193</u>	<u>4,067,410</u>
Program Expenses		
Instruction		
Regular		
Support Services		
Tuition	2,721,522	2,710,344
General Administration, School		
Administration, Business	101,507	118,159
Operations and Maintenance of Facilities	84,053	119,633
Pupil Transportation	496,997	326,591
Unallocated Employee Benefits/Business Support	(1,510)	34,040
Debt Service Assessment	342	342
Unallocated Depreciation	42,047	40,409
Total Expenses	<u>3,444,958</u>	<u>3,349,518</u>
	<u>121,235</u>	<u>717,892</u>
Decrease in Net Position	<u>\$ 121,235</u>	<u>\$ 717,892</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 \$3,566,193 for the fiscal year ended June 30, 2019 all of which were from governmental activities. Property taxes made up 22.2% percent of revenues for governmental activities for the Borough of Chesilhurst School District for fiscal year 2019. Federal, state and local grants accounted for 68.7% and other revenue made up 9.1%. The total cost of all programs and services was \$3,444,958.

Business-Type Activities

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

- ❖ There were no Food Service expenses during the year under audit.
- ❖ As the District became a non-operating as of July 1, 2010, there were no operating revenues or expenses during the 2018-19 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

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction	\$	\$	\$	\$
Support services				
Tuition	2,721,522	2,697,791	2,710,344	2,652,666
General Administration, School				
Administration, Business	101,507	101,507	118,159	118,159
Operation and Maintenance of Facilities	84,053	84,053	119,633	119,633
Pupil Transportation	496,997	496,997	326,591	326,591
Unallocated Employee Benefits	(1,510)	(1,510)	34,040	34,040
Other	42,389	42,389	40,751	40,751
Total Expenses	\$ 3,444,958	\$ 3,421,227	\$ 3,349,518	\$ 3,291,840

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 and, special revenue funds, presented in the fund-based statements) had total revenues of \$3,751,420 and expenditures of \$3,408,138. 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, 2019, 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 2018</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 1,096,131	30.69%	\$ (402,528)	-36.72%
State Sources	2,475,289	69.31%	(64,207)	-2.62%
Total	\$ 3,571,420	100.0%	\$ (466,735)	-11.56%

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 2018-2019 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, 2019.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Tuition	\$ 2,721,522	79.85%	\$ 11,178	0.41%
Undistributed Expenditures	686,274	20.14%	118,179	17.22%
Capital Outlay	342	0.01%	(10,643)	-3112%
Total	\$ 3,408,138	100.00%	\$ 118,714	3.61%

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 2019, 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 an increase of \$155,734.

- ❖ Actual revenues were \$329,830 more than expected, due to a prior year tuition adjustment of \$285,140, an increase in miscellaneous revenue of \$17,027 and additional state aid of \$27,663.
- ❖ The actual expenditures were \$528,741 lower than expected due to tuition expenses of \$174,309, administrative costs of \$126,593, \$87,347 in maintenance costs, transportation costs of \$51,503, employee benefit costs of \$4,234 and \$84,755 in Capital Outlay.

Capital Assets

At the end of the fiscal year 2019, the School District had \$443,530 invested in land, buildings, furniture and equipment. Table 4 shows fiscal 2019 balances compared to 2018.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 74,000	\$ 74,000
Site Improvements	3,624	6,738
Building and Improvements	350,572	384,329
Machinery and Equipment	15,334	20,510
Totals	<u>\$ 443,530</u>	<u>\$ 485,577</u>

Overall capital assets decreased \$42,047 from fiscal year 2018 to fiscal year 2019, which reflects depreciation expense of \$42,047.

At June 30, 2019, the School District’s overall legal debt margin was \$2,108,888, 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.

The Board of Education is continually striving to find ways to utilize the school building for children's educational purposes within Chesilhurst Borough and surrounding towns.

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.

In conclusion, the Board of Education is continuously striving to find ways to utilize the school building for educational purposes for the children of Chesilhurst and the other surrounding towns.

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, 2019

	Governmental Business-Type		
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,787,354	\$ 11,789	\$ 2,799,143
Due from State of New Jersey	27,663		27,663
Accounts Receivable	100,177		100,177
Inventory		600	600
Capital Assets, Net (Note 6):	443,530		443,530
Total Assets	3,358,724	12,389	3,371,113
LIABILITIES			
Accounts Payable	34,728		34,728
Total Liabilities	34,728		34,728
NET POSITION			
Invested in Capital Assets	443,530		443,530
Restricted for:			
Excess Surplus	555,689		555,689
Capital Reserve	479,937		479,937
Maintenance Reserve	535,737		535,737
Tuition Reserve	270,167		270,167
Assigned:			
Tuition Reserve Designated for Subsequent Year's Expenditures	265,170		265,170
Excess Surplus Reserve Designated for Subsequent Year's Expenditures	710,448		710,448
Unrestricted	63,318	12,389	75,707
Total Net Position	\$ 3,323,996	\$ 12,389	\$ 3,336,385

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, 2019

<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	\$ 2,721,522	\$	\$ 23,731	\$ (2,697,791)	\$	\$ (2,697,791)
General and Business						
Administrative Services	65,166			(65,166)		(65,166)
Central Services	36,341			(36,341)		(36,341)
Plant Operations and Maintenance	84,053			(84,053)		(84,053)
Transportation	496,997			(496,997)		(496,997)
Unallocated Employee Benefits	(1,510)			1,510		1,510
Debt Service Assessment	342			(342)		(342)
Unallocated Depreciation	42,047			(42,047)		(42,047)
Total Governmental Activities	<u>3,444,958</u>		<u>23,731</u>	<u>(3,421,227)</u>		<u>(3,421,227)</u>
Business-type Activities:						
Food Service						
Total business-type Activities						
Total Primary Government	<u>\$ 3,444,958</u>	<u>\$</u>	<u>\$ 23,731</u>	<u>(3,421,227)</u>		<u>(3,421,227)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				791,164		791,164
Federal and State Aid Not Restricted				2,451,558		2,451,558
Investment Earnings				17,827		17,827
Miscellaneous				281,913		281,913
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>3,542,462</u>		<u>3,542,462</u>
Change in Net Position				121,235		121,235
Net Position—Beginning				<u>3,202,761</u>	<u>12,389</u>	<u>3,215,150</u>
Net Position—Ending				<u>\$ 3,323,996</u>	<u>\$ 12,389</u>	<u>\$ 3,336,385</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.

GOVERNMENTAL FUNDS

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,787,354	\$	\$ 2,787,354
Interfund Receivable	1,983		1,983
State aid Receivable	27,663		27,663
Other Governmental Accounts Receivable	100,177		100,177
Total Assets	<u>\$ 2,917,177</u>	<u>\$</u>	<u>\$ 2,917,177</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 34,728	\$	\$ 34,728
Due to Other Funds		1,983	1,983
Total Liabilities	<u>34,728</u>	<u>1,983</u>	<u>36,711</u>
Fund Balances:			
Restricted For:			
Excess Surplus	555,689		555,689
Capital reserve	479,937		479,937
Maintenance Reserve	535,737		535,737
Tuition Reserve	270,167		270,167
Assigned:			
Tuition Reserve Designated for Subsequent Year's Expenditures	265,170		265,170
Excess Surplus Designated for Subsequent Year's Expenditures	710,448		710,448
Designated for Subsequent Year's Expenditures	26,275		26,275
Unassigned (Deficit)	39,026	(1,983)	37,043
Total Fund Balances	<u>2,882,449</u>	<u>(1,983)</u>	<u>2,880,466</u>
Total Liabilities and Fund Balances	<u>\$ 2,917,177</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 \$1,197,754 and the Accumulated Depreciation is \$754,224. (See Note 6)

443,530

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

\$ 3,323,996

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmenta Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 791,164	\$	\$ 791,164
Interest Earned	17,827		17,827
Miscellaneous	287,140		287,140
Total - Local Sources	1,096,131		1,096,131
State Sources	2,451,558	23,731	2,475,289
Total Revenues	3,547,689	23,731	3,571,420
EXPENDITURES			
Current:			
Support Services:			
Tuition	2,701,674	19,848	2,721,522
General Administrative Services	65,166		65,166
Central Services	36,341		36,341
Plant Operations and Maintenance	84,053		84,053
Transportation	496,997		496,997
Unallocated Benefits	3,717		3,717
Capital Outlay	342		342
Total Expenditures	3,388,290	19,848	3,408,138
Excess (Deficiency) of Revenues over Expenditures	159,399	3,883	163,282
OTHER FINANCING SOURCES (USES)			
Transfers Out - Charter School			
Total Other Financing Sources and Uses			
Net Change in Fund Balances	159,399	3,883	163,282
Fund Balance—July 1 (Deficit)	2,723,050	(5,866)	2,717,184
Fund Balance—June 30 (Deficit)	\$ 2,882,449	\$ (1,983)	\$ 2,880,466

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 163,282

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	(42,047)
Capital Outlay	-

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) \$ 121,235

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

PROPRIETARY FUNDS

BOROUGH OF CHESILHURST BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 11,789	\$ 11,789
Inventory	600	600
Total Current Assets	12,389	12,389
Fixed Assets:		
Furniture, Machinery, & Equipment	18,100	18,100
Less Accumulated Depreciation	(18,100)	(18,100)
Total Fixed Assets	-	-
Total Assets	12,389	12,389
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Due to Other Funds		
Total Current Liabilities		
Net Position		
Invested in Capital Assets Net of Related Debt		
Unrestricted	12,389	12,389
Total Net Position	\$ 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 REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities	
	Enterprise Fund	
	Food	Total
	Service	Enterprise
Operating Revenues:		
Charges for Services	\$	\$
Total Operating Revenue:		
Operating Expenses:		
Depreciation		
Total Operating Expenses		
Operating Income (Loss)		
Non-operating Revenues (Expenses):		
Federal Sources:		
Total Non-operating Revenues (Expenses)		
Income (Loss) before Contributions & Transfers		
Transfers In (Out)		
Change in Net Position		
Total Net Position—Beginning	12,389	12,389
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, 2019

	Business-type Activities	
	Enterprise Funds	
	<u>Food</u>	<u>Total</u>
	<u>Service</u>	<u>Enterprise</u>
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)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:		
Depreciation and Net Amortization		
Total Adjustments	_____	_____
Net Cash Provided by (Used For) Operating Activities	\$	\$

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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 School District has adopted the following GASB statements:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued):

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

- **GASB No. 84 - *Fiduciary Activities*:** The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- **GASB No. 87 - *Leases*:** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- **GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*:** The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- **GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*:** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.
- **GASB Statement - No. 91 – *Conduit Debt Obligations*:** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

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 non-instructional 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, 2019.

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

PROPRIETARY FUNDS

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:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

PROPRIETARY FUNDS (CONTINUED)

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 2018-19 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

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:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

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.

C. Basis of Accounting and Measurement Focus:

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.

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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control:

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.

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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued):

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

<u>Account Name</u>	<u>Amount</u>
Tuition - Private Schools/ Disabled Within State	(76,107)
Transportation - Miscellaneous expenses	(45,000)
Transportation - Contracted Services (Home/School) Vendors	(65,000)
Transportation - Contracted Services (Special Ed.) ESC's & CTSA's	110,000

E. Encumbrances Accounting:

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

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 2018-2019 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 2017-18 and 2018-19 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 appropriated \$265,170 in the 2019-20 budget and transferred \$270,167 into a Tuition Reserve account, as of June 30, 2019.

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, 2019.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019. The food service enterprise fund had a Supply inventory balance of \$600 at June 30, 2019. 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, 2019 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

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019.

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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

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:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued): 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.

As of June 30, 2019, cash and cash equivalents in the fund financial statements of the Borough of Chesilhurst School consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 1,799,143
Certificate of Deposit	1,000,000
Total	\$ 2,799,143

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, 2019, \$2,584,236 of the School District's bank balance of \$2,834,236 was exposed to custodial credit risk.

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	2,584,236
	\$ 2,834,236

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 2017-18 school-year, the District transferred nothing into the reserve account and added \$850 of interest earned, resulting in a balance at June 30, 2019 of \$479,937.

NOTE 5. TUITION CONTRACTS AND ADJUSTMENTS PAYABLE

The 2018-19 billing adjustment, if any, will be charged to the 2019-2020 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, 2019 was as follows:

	<u>Beginning Balance 7/1/2018</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance 6/30/2019</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 74,000	\$	\$	\$ 74,000
Total capital assets not being depreciated	74,000			74,000
Building and building improvements	974,229			974,229
Site Improvements	62,285			62,285
Machinery and equipment	87,240			87,240
Totals at historical cost	1,123,754			1,123,754
Less accumulated depreciation for :				
Building and improvements	(589,900)	(33,757)		(623,657)
Site Improvements	(55,547)	(3,114)		(58,661)
Equipment	(66,730)	(5,176)		(71,906)
Total accumulated depreciation	(712,177)	(42,047)		(754,224)
Total capital assets being depreciated, net of accumulated depreciation	411,577	(42,047)		369,530
Government activities capital assets, net	\$ 485,577	\$ (42,047)	\$ -	\$ 443,530
				To A-1
Business-type activities - Equipment	\$ 18,100	\$	\$	\$ 18,100
Less accumulated depreciation	(18,100)			(18,100)
Business-type activities capital assets, net	\$ -	\$	\$	\$ -
				Depreciation expense was charged to governmental functions as unallocated
				\$ 42,047

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. LONG-TERM OBLIGATIONS

At June 30, 2019, the District had no long-term obligations.

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, 2019, 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, 2019.

NOTE 8. OPERATING LEASES

At June 30, 2019, the District has commitments to lease a copier under an operating lease that expires in 2022. There were no other operating lease obligations initiated during the year. Future minimum scheduled lease payments are as follows, depending on continued operations:

Year ending June 30,	<u>Amount</u>
2020	\$1,500
2021	1,500
2022	1,250
Total future minimum lease payments	<u><u>\$4,250</u></u>

NOTE 9. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 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, 2018, 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, 2018, 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, 2018, 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, 2019**

NOTE 9. PENSION PLANS (CONTINUED)

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.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 0	100%	\$ 0
6/30/17	0	100	0
6/30/16	0	100	0

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLANS (CONTINUED)

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/18	\$ 0	100%	\$ 0
6/30/17	0	100	0
6/30/16	0	100	0

Contribution Requirements (Continued) - During the fiscal year ended June 30, 2018, 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, 2018 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, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11. COMPENSATED ABSENCES (CONTINUED)

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, 2019, 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 2018-2019 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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Cancellation</u>	<u>Amount Reimbursed</u>	<u>Ending Balanc</u>
2018-2019	\$	\$	\$	\$ 0
2017-2018				0
2016-2017				0

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,983	\$
Special Revenue Fund		1,983
Total	<u>\$ 1,683</u>	<u>\$ 1,983</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,882,449 balance in General Fund balance at June 30, 2019, \$479,937 has been restricted in a Capital Reserve account; \$1,266,137 is restricted for excess surplus in accordance with N.J.S.A. 18AC:7F-7, of which \$710,448 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$535,737 has been restricted in the Maintenance Reserve Account; \$535,337 has been restricted in the Tuition Reserve Account, of which \$265,170 has been included as anticipated revenue for the year ending June 30, 2020; and \$26,275 has been assigned and included as anticipated revenue for the year ending June 30, 2020 and \$39,026 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.

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 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, 2019, there was \$1,266,137 in excess fund balance, of which \$710,448 is to be anticipated as revenue in the 2019-20 budget and \$555,689 will be appropriated in the 2020-21 budget.

NOTE 18. DEFICIT FUND BALANCES

The District had no deficit in the General fund and (\$1,983) in the Special Revenue Fund as of June 30, 2019 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.

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18. DEFICIT FUND BALANCES (CONTINUED)

The amount of the 19th and 20th State Aid payments that have not been reflected as revenue in the 2018-19 School Year is \$238,637 in the General Fund and \$1,983 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 19. TAX ABATEMENT

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 20. SUBSEQUENT EVENTS

There were no events subsequent to June 30, 2019 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, 2019

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actua Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 791,164	\$	\$ 791,164	\$ 791,164	\$
Interest on Investments				12,775	12,775
Interest on Investments - Maintenance Reserve	400		400	2,665	2,265
Interest on Investments - Capital Reserve	400		400	2,387	1,987
Miscellaneous	2,000		2,000	287,140	285,140
	<u>793,964</u>		<u>793,964</u>	<u>1,096,131</u>	<u>302,167</u>
State Sources:					
Categorical Transportation Aid	170,166		170,166	170,166	
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	641,066	(71,258)	569,808	569,808	
Extraordinary Aid				23,893	23,893
Nonpublic Transportation				3,770	3,770
Total - State Sources	<u>2,491,488</u>	<u>(71,258)</u>	<u>2,420,230</u>	<u>2,447,893</u>	<u>27,663</u>
Federal Sources					
TOTAL REVENUES	<u>3,285,452</u>	<u>(71,258)</u>	<u>3,214,194</u>	<u>3,544,024</u>	<u>329,830</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,432,049	4,849	2,436,898	2,312,025	124,873
Tuition - Other LEAs Within the State - Special	162,224		162,224	162,224	
Tuition - County Voc. School District - Regular	49,640		49,640	49,640	
Tuition - Private Schls/Disabled within State	269,792	(76,107)	193,685	144,249	49,436
Tuition - State Facilities	33,536		33,536	33,536	
Total Undistributed Expenditures - Instruction	<u>2,947,241</u>	<u>(71,258)</u>	<u>2,875,983</u>	<u>2,701,674</u>	<u>174,309</u>

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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)					
Support Services General Administration:					
Legal Services	\$ 45,000	\$	\$ 45,000	\$ 77	\$ 44,923
Audit Fees	19,000		19,000	14,137	4,863
Architectural/Engineering Services	5,000		5,000		5,000
Other Purchased Professional Services	53,000		53,000	33,889	19,111
Communications/Telephone	20,000		20,000	7,471	12,529
Miscellaneous Purchased Services	18,000		18,000	1,614	16,386
General Supplies	6,500		6,500	1,481	5,019
BOE In-house Training/Meeting Supplies	1,100		1,100	664	436
Miscellaneous Expenditures	4,500		4,500	3,182	1,318
BOE Membership Dues and Fees	3,500		3,500	2,651	849
Total Support Services General Administration	175,600		175,600	65,166	110,434
Support Services Central Services					
Purchased Professional Services	39,250		39,250	23,644	15,606
Purchased Technical Services	11,250		11,250	11,080	170
Supplies and Materials	2,000		2,000	1,617	383
Total Support Services Central Services	52,500		52,500	36,341	16,159
Req. Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	70,000		70,000	52,663	17,337
General Supplies	15,000		15,000	2,250	12,750
Total Req. Maintenance for School Facilities:	85,000		85,000	54,913	30,087
Custodial Services					
Cleaning, Repair, and Maintenance Services	6,000		6,000		6,000
Other Operation and Maintenance of Plant :					
Other Purchased Property Services	10,000		10,000		10,000
Insurance	15,000		15,000	7,138	7,862
General Supplies	5,000		5,000		5,000
Energy (Natural Gas)	15,000		15,000	4,622	10,378
Energy (Electricity)	35,000		35,000	17,380	17,620
Total Other Operation and Maintenance of Plant:	80,000		80,000	29,140	50,860
Total Operations and Maintenance of Plant Services	171,000		171,000	84,053	86,947
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC Transportation Programs	8,000	5,700	13,700	13,208	492
Contracted Services - Aid in Lieu of Payments - Choice Schl	25,000	(5,000)	20,000	17,367	2,633
Contracted Services (Home/School) - Vendors	300,000	(65,700)	234,300	201,373	32,927
Contracted Services (Home/school) - Joint Agreements	10,500		10,500		10,500
Contracted Services (Spl. Ed. Students) - ESC's & CTSA's	160,000	110,000	270,000	265,049	4,951
Miscellaneous Purchased Services - Transportation	45,000	(45,000)			
Total Student Transportation Services	548,500		548,500	496,997	51,503

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 7,451	\$	\$ 7,451	\$ 3,534	\$ 3,917
Other Retirement Contributions - ERIP	500		500	183	317
Total Unallocated Benefits	7,951		7,951	3,717	4,234
Required Maintenance for School Facilities					
Interest Earned on Maintenance Reserve	400		400		400
	400		400		400
TOTAL EXPENDITURES - CURRENT EXPENSE	3,903,192		3,831,934	3,387,948	443,986
CAPITAL OUTLAY					
Equipment					
General Administration					
Total Equipment					
Facilities Acquisition and Construction Services					
Construction Services	84,355		84,355		84,355
Assessment for Debt Service on SDA Funding	342		342	342	
Increase in Capital Reserve	400		400		400
Total Facilities Acquisition and Construction Services	85,097		85,097	342	84,755
TOTAL CAPITAL OUTLAY EXPENDITURES	85,097		85,097	342	84,755
TOTAL EXPENDITURES	3,988,289	(71,258)	3,917,031	3,388,290	528,741
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(702,837)		(702,837)	155,734	858,571
Other Financing Sources (Uses):					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(702,837)		(702,837)	155,734	858,571
Fund Balances, July 1	2,965,352		2,965,352	2,965,352	
Fund Balances, June 30	\$ 2,262,515	\$	\$ 2,262,515	\$ 3,121,086	\$ 858,571

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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 Actua</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<u>RECAPITULATION OF FUND BALANCE:</u>					
Restricted Fund Balance:					
Excess Surplus	\$	\$	\$	\$ 555,689	\$
Capital Reserve				479,937	
Maintenance Reserve				535,737	
Tuition Reserve - 2018-19				270,167	
Assigned Fund Balance:					
Tuition Reserve Designated for Subsequent Year's Expenditures				265,170	
Excess Surplus Designated for Subsequent Year's Expenditures				710,448	
Designated for Subsequent Year's Expenditures				26,275	
Unassigned Fund Balance				277,663	
				<u>3,121,086</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(238,637)	
Fund Balance per Governmental Funds (GAAP)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,882,449</u>	<u>\$</u>

BOROUGH OF CHESILHURST BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 19,848	\$	\$ 19,848	\$ 19,848	\$
Total Revenues	<u>19,848</u>		<u>19,848</u>	<u>19,848</u>	
EXPENDITURES:					
Instruction					
Tuition	<u>19,848</u>		<u>19,848</u>	<u>19,848</u>	
Total Instruction	<u>19,848</u>		<u>19,848</u>	<u>19,848</u>	
Total Expenditures	<u>19,848</u>		<u>19,848</u>	<u>19,848</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, 2019

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]	\$ 3,544,024	[C-2]	\$	19,848
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.		242,302			5,866
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(238,637)			(1,983)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2]	<u>\$ 3,547,689</u>	[B-2]	\$	<u>23,731</u>
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,388,290	[C-2]	\$	19,848
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]	<u>\$ 3,388,290</u>	[B-2]	\$	<u>19,848</u>

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>2019</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>2019</u>
Contractually Required Contribution	\$
Contributions in Relation to the Contractually Required Contribution	N/A
Contribution Deficiency (Excess)	\$ <u> </u>
District's Covered-Employee Payroll	\$
Contributions as a Percentage of Covered-Employee Payroll	

BOROUGH OF CHESILHURST BOARD OF EDUCATION
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$	\$
Interest Cost	74,465	66,159
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(145,992)	
Changes of Assumptions	(204,371)	(261,104)
Member Contributions	1,646	1,793
Gross Benefit Payments	<u>(47,622)</u>	<u>(48,705)</u>
Net Change in Total OPEB Liability	(321,874)	(241,857)
Total OPEB Liability - Beginning	2,102,808	2,344,665
Total OPEB Liability - Ending	<u>\$ 1,780,934</u>	<u>\$ 2,102,808</u>
Covered-Employee Payroll		
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.00%	0.00%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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, 2019

	Preschool Education Aid	TOTALS	
		2019	2018
REVENUES:			
State Sources	\$ 19,848	\$ 19,848	\$ 58,656
Total Revenues	19,848	19,848	58,656
EXPENDITURES:			
Instruction:			
Tuition	19,848	19,848	58,656
Total Instruction	19,848	19,848	58,656
Support Services:			
Total Support Services			
Total Expenditures	\$ 19,848	\$ 19,848	\$ 58,656

BOROUGH OF CHESILHURST BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Tuition to Other LEAs within State-Regular	\$ 19,848	\$ 19,848	\$
Total Instruction	<u>19,848</u>	<u>19,848</u>	
Support Services:			
Total Support Services			
Facilities Acquisition and Construction Services:			
Total Facilities Acquisition and Construction Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 19,848</u>	<u>\$ 19,848</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2018-19 Preschool Education Aid Allocation	\$ 19,848	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2018)		(2)
Add: Budgeted Transfer from the General Fund 2018-19		(3)
Total Preschool Education Aid Funds Available for 2018-19 Budget	<u>19,848</u>	(4)
Less: 2018-19 Budgeted Preschool Education Aid (including prior year budget carryover)	<u>19,848</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-	(6)
Add: June 30, 2019 Unexpended Preschool Education Aid	-	(7)
Less: 2018-19 Commissioner-approved Transfer to the General Fund		(8)
2018-19 Carryover -Preschool Education Aid Programs	\$	(9)
8-19 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-20	\$	(10)

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, 2019 AND 2018

	<u>2019</u>	<u>2018</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	<u>(18,100)</u>	<u>(18,100)</u>
Total Fixed Assets	<u>-</u>	<u>-</u>
Total Assets	<u>12,389</u>	<u>12,389</u>
LIABILITIES:		
Current Liabilities:		
Interfund Payable		
Total Current Liabilities		
NET POSITION:		
Invested in Capital Assets, Net of Related Debt Unrestricted	<u>12,389</u>	<u>12,389</u>
Total Net Position	<u>\$ 12,389</u>	<u>\$ 12,389</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
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		
	_____	_____
Total Operating Expenses		
	_____	_____
Operating Loss		
	_____	_____
Non-Operating Revenues:		
Fixed Asset Adjustment		
	_____	_____
Total Non-Operating Revenues		
	_____	_____
Net Income before Operating Transfers		
Operating Transfer Out		
	_____	_____
Net Income (Deficit)		
Net Position, July 1	12,389	12,389
	_____	_____
Net Position, June 30	\$ 12,389	\$ 12,389
	=====	=====

BOROUGH OF CHESILHURST SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation		
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable		
Increase/(Decrease) in Inventories		
Net Cash Used by Operating Activities	_____	_____
Cash Flows from Noncapital Financing Activities:		
Cash Received from State and Federal Reimbursements		
Operating Transfer Out		
Net Cash Provided by Noncapital Financing Activities	_____	_____
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		
Cash and Cash Equivalents, July 1	11,789	11,789
Cash and Cash Equivalents, June 30	\$ 11,789	\$ 11,789

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 250,166	\$ 226,632	\$ 207,900	\$ 189,943	\$ 172,240	\$ 168,902	\$ 550,333	\$ 516,416	\$ 485,577	\$ 443,530
Restricted	5,895	191,429	472,373	514,779	1,021,800	1,889,022	1,840,888	1,956,116	2,372,076	2,817,148
Unrestricted (Deficit)	(96,355)	(16,612)	(21,767)	18,595	15,428	5,735	9,197	12,337	345,108	63,318
Total Governmental Activities Net Position	\$ 159,706	\$ 401,449	\$ 658,506	\$ 723,317	\$ 1,209,468	\$ 2,063,659	\$ 2,400,418	\$ 2,484,869	\$ 3,202,761	\$ 3,323,996
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 1,943	\$ 1,590	\$ 1,237	\$ 884	\$ 530	\$ 176	\$	\$	\$	\$
Unrestricted (Deficit)	12,389	12,389	12,389	12,389	12,389	12,389	12,389	12,389	12,389	12,389
Total Business-Type Activities Net Position	\$ 14,332	\$ 13,979	\$ 13,626	\$ 13,273	\$ 12,919	\$ 12,565	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 252,109	\$ 228,222	\$ 209,137	\$ 190,827	\$ 172,770	\$ 169,078	\$ 550,333	\$ 516,416	\$ 485,577	\$ 443,530
Restricted	5,895	191,429	472,373	514,779	1,021,800	1,889,022	1,840,888	1,956,116	2,372,076	2,817,148
Unrestricted	(83,966)	(4,223)	(9,378)	30,984	27,817	18,124	21,586	24,726	357,497	75,707
Total District-Wide Net Position	\$ 174,038	\$ 415,428	\$ 672,132	\$ 736,590	\$ 1,222,387	\$ 2,076,224	\$ 2,412,807	\$ 2,497,258	\$ 3,215,150	\$ 3,336,385

Source: CAFR Schedule A-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 56,088	56,088	28,044							
Support Services										
Tuition	3,356,068	2,506,679	2,479,580	2,538,218	2,396,866	2,798,655	2,608,253	2,759,480	2,710,344	2,721,522
Student and Instruction Related Services	18,912									
General Administrative Services	209,453	183,915	259,254	121,548	82,768	95,024	85,420	82,089	75,492	65,166
School Administrative Services	14,917									
Central Services	33,929	22,407	24,986	36,577	16,111	21,728	23,896	18,850	42,667	36,341
Plant Operations and Maintenance	76,720	68,290	61,887	74,929	94,137	108,758	85,630	74,699	119,633	84,053
Pupil Transportation		130,101	213,481	292,566	223,497	261,326	287,787	341,345	326,591	496,997
Employee Benefits	192,586	120,808	74,400	60,464	21,332	7,893	7,898	3,736	3,712	(1,510)
Debt Service						342	342	342	342	342
Unallocated Depreciation and Amortization	23,534	23,534	18,732	17,957	17,703	18,143	29,515	40,823	40,409	42,047
Total Governmental Activities Expenses	3,982,207	3,111,822	3,160,364	3,142,259	2,852,414	3,311,869	3,128,741	3,321,364	3,319,190	3,444,958
Business-Type Activities										
Food Service	353	353	353	353	354	354	176			
Total Business-Type Activities Expense	353	353	353	353	354	354	176			
Total District Expenses	\$ 3,982,560	3,112,175	3,160,717	3,142,612	2,852,768	3,312,223	3,128,917	3,321,364	3,319,190	3,444,958
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 66,530	96,968	42,723	77,444	22,178	27,371	20,537	45,947	57,678	23,731
Total Governmental Activities Prog. Revenues	66,530	96,968	42,723	77,444	22,178	27,371	20,537	45,947	57,678	23,731
Business-Type Activities										
Charges for Services										
Food Service										
Operating Grants and Contributions										
Total Business-Type Activities Prog. Revenues										
Total District Program Revenues	\$ 66,530	96,968	42,723	77,444	\$ 22,178	27,371	20,537	45,947	57,678	23,731
Net (Expense)/Revenue										
Governmental Activities	\$ (3,915,677)	(3,014,854)	(3,117,641)	(3,064,815)	(2,830,236)	(3,284,498)	(3,108,204)	(3,275,417)	(3,261,512)	(3,421,227)
Business-Type Activities	(353)	(353)	(353)	(353)	(354)	(354)	(176)			
Total District-Wide Net Expense	\$ (3,916,030)	(3,015,207)	(3,117,994)	(3,065,168)	(2,830,590)	(3,284,852)	(3,108,380)	(3,275,417)	(3,261,512)	(3,421,227)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 791,164	791,164	791,164	791,164	791,164	791,164	791,164	791,164	791,164	791,164
Unrestricted Grants and Contributions	2,252,203	2,452,556	2,591,773	2,351,653	2,493,590	2,504,626	2,507,356	2,514,880	2,481,818	2,451,558
Investment Earnings	3,250	1,657	1,080	2,841	4,018	3,032	2,230	3,502	7,853	17,827
Miscellaneous Income		28,395	9,203	17,440	27,473	894,173	193,631	50,322	699,642	281,913
Fixed Asset Adjustment	1,338								(1,073)	
Compensated Absences										
Prior Year Adjustments	(25,239)	(839)								
Transfers	(34,996)	(16,336)	(18,522)	(33,472)	142	(54,306)	(49,418)			
Total Governmental Activities	2,987,720	3,256,597	3,374,698	3,129,626	3,316,387	4,138,689	3,444,963	3,359,868	3,979,404	3,542,462
Business-Type Activities										
Previous Acquired Assets Not Reported	(3,628)									
Total Business-Type Activities	(3,628)									
Total District-Wide	\$ 2,984,092	3,256,597	3,374,698	3,129,626	3,316,387	4,138,689	3,444,963	3,359,868	3,979,404	3,542,462
Change in Net Position										
Governmental Activities	\$ (927,957)	241,743	257,057	64,811	486,151	854,191	336,759	84,451	717,892	121,235
Business-Type Activities	(3,981)	(353)	(353)	(353)	(354)	(354)	(176)			
Total District-Wide	\$ (931,938)	241,390	256,704	64,458	485,797	853,837	336,583	84,451	717,892	121,235

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Restricted	\$ 8,395	\$ 191,429	\$ 105,559	\$ 514,779	\$ 1,021,800	\$ 1,572,336	\$ 1,563,988	\$ 1,394,758	\$ 1,986,240	\$ 1,841,530
Assigned						316,686	276,900	561,358	702,837	1,001,893
Unrestricted (Deficit)	<u>(72,516)</u>	<u>9,727</u>	<u>18,595</u>	<u>18,595</u>	<u>16,411</u>	<u>8,675</u>	<u>11,152</u>	<u>17,225</u>	<u>33,973</u>	<u>39,026</u>
Total General Fund	<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>\$ 1,852,040</u>	<u>\$ 1,973,341</u>	<u>\$ 2,723,050</u>	<u>\$ 2,882,449</u>
All Other Governmental Funds										
Unassigned, Reported in:										
Special Revenue Fund - (Deficit)	\$ (5,609)	\$ (5,609)	\$ (5,609)	\$ (2,804)	\$ (983)	\$ (2,940)	\$ (1,955)	\$ (4,888)	\$ (5,866)	\$ (1,983)
Capital Projects Fund										
Total All Other Governmental Funds	<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>	<u>\$ (4,888)</u>	<u>\$ (5,866)</u>	<u>\$ (1,983)</u>

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Interest Earnings	3,250	1,657	1,080	2,841	4,018	3,032	2,230	3,502	7,853	17,827
Miscellaneous		28,395	9,203	17,440	27,473	894,173	193,631	50,322	699,642	287,140
State Sources	2,006,963	2,549,524	2,544,887	2,429,097	2,515,768	2,531,997	2,527,893	2,560,827	2,539,496	2,475,289
Federal Sources	311,770									
Total Revenues	3,113,147	3,370,740	3,346,334	3,240,542	3,338,423	4,220,366	3,514,918	3,405,815	4,038,155	3,571,420
Expenditures										
Instruction										
Regular Instruction	56,088	56,088	28,044							
Special Education Instruction										
Other Special Instruction										
Other Instruction										
Support Services										
Tuition	3,356,068	2,506,679	2,479,580	2,538,218	2,396,866	2,798,655	2,608,253	2,759,480	2,710,344	2,721,522
Student and Instruction Related Service:	18,912									
General Administrative Services	209,453	183,915	259,254	121,548	82,768	95,024	85,420	82,089	75,492	65,166
School Administrative Services	14,917									
Central Services	33,929	22,129	24,824	36,355	15,769	21,728	23,896	18,850	42,667	36,341
Plant Operations and Maintenance	76,720	68,190	61,887	74,929	94,137	108,758	85,630	74,699	119,633	84,053
Pupil Transportation		130,101	213,481	292,566	223,497	261,326	287,787	341,345	326,591	496,997
Employee Benefits	192,586									
Unallocated Employee Benefits		120,808	74,400	81,194	21,332	7,893	7,898	3,736	3,712	3,717
Capital Outlay		278	162	222	342	15,147	411,288	7,248	10,985	342
Total Expenditures	3,707,245	3,958,673	3,088,188	3,141,632	3,145,032	2,834,711	3,308,531	3,287,447	3,289,424	3,408,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	(845,526)	282,552	204,702	95,510	503,712	911,835	4,746	118,368	748,731	163,282
Other Financing Sources (Uses)										
Prior Year Adjustments	(25,239)	(839)								
Transfers (Net)	(34,996)	(16,336)	(33,472)	(33,472)	142	(54,306)	(49,418)			
Total Other Financing Sources (Uses)	(60,235)	(17,175)	(33,472)	(33,472)	142	(54,306)	(49,418)			
Net Change in Fund Balances	\$ (905,761)	\$ 265,377	\$ 171,230	\$ 62,038	\$ 503,854	\$ 857,529	\$ (44,672)	\$ 118,368	\$ 748,731	\$ 163,282
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	Misc.	Total
2019	\$ 17,827	\$	\$ 273,781	\$	\$ 13,359	\$ 304,967
2018	7,853		699,642			707,495
2017	3,502		48,963	1,100	259	53,824
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

Source: District Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utility ^a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate ^b</u>	<u>Estimated Actual (County Equalized Value)</u>
2019	\$ 5,960,500	\$ 76,738,100	\$ 5,230,800	\$ 681,000	\$ 340,800	\$ 88,951,200	\$ 355,334	\$ 89,306,534	0.886	\$ 84,568,120
2018	6,150,000	76,643,700	4,773,300	681,000	340,800	88,588,800	351,631	88,940,431	0.889	84,624,578
2017	6,162,000	76,349,700	4,773,300	681,000	416,200	88,382,200	346,328	88,728,528	0.891	84,093,435
2016	6,254,400	77,075,800	4,635,600	681,000	416,200	89,063,000	345,102	89,408,102	0.000	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	0.000	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	0.000	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	0.000	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	0.891	88,914,100

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			c Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Winslow Twp Public School District	Borough of Chesilhurst	Camden County	
2019	\$ 0.886		\$ 0.886		\$ 1.708	\$ 0.819	\$ 3.413
2018	0.889		0.889		1.652	0.856	3.397
2017	0.891		0.891		1.579	0.848	3.318
2016	0.884		0.884		1.490	0.832	3.206
2015	0.949		0.949		1.413	0.800	3.162
2014	0.880		0.000		1.362	0.779	2.141
2013	0.873		0.873		1.306	0.820	2.999
2012	0.870		0.000		1.278	0.759	2.037
2011	0.870		0.000		1.278	0.698	1.976
2010	0.877		0.877		1.183	0.571	2.631

(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)

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Fourth Garden Park	\$ 1,202,500	1.36%	\$ 1,358,000	3.00%
Tax Payer #1	1,071,700	1.21%	847,700	1.88%
Tax Payer #2	550,000	0.62%	665,600	1.47%
Tax Payer #3	530,200	0.60%	647,500	1.43%
Tax Payer #4	498,600	0.56%	530,200	1.17%
Tax Payer #5	436,600	0.49%	467,200	1.03%
Tax Payer #6	408,400	0.46%	436,600	0.97%
Verizon-NJ - %Duff & Phelps	351,631	0.40%		
WKM LLC	345,600	0.39%		
Tax Payer #7	340,800	0.38%	403,300	0.89%
Tax Payer #8			399,200	0.88%
Tax Payer #9			345,700	0.76%
Total	\$ 5,736,031	6.46%	\$ 6,101,000	13.49%

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 Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2019	\$ 791,164	\$ 791,164	\$ 100.00%	\$
2018	791,164	791,164	100.00%	
2017	791,164	593,706	100.00%	197,458
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%	
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

* This amount was paid directly to Winslow Township Board of Education by the Borough of Chesilhurst and offset against sc 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	Per Capita ^a
	General Obligation Bonds ^u	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2019	\$	\$	\$	\$	\$		\$	
2018								
2017								
2016								
2015								
2014				N/A				
2013								
2012								
2011								
2010								

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,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2019	\$	\$	\$	\$	
2018					
2017					
2016					
2015					
2014			N/A		
2013					
2012					
2011					
2010					

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

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

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

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, 2019
(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	100%	\$ 6,109
Other debt			
Camden County	410,577,598	0.224%	919,885
Subtotal, Overlapping Debt			<u>925,994</u>
Borough of Chesilhurst School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 925,994</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 2018

	Equalized Valuation Basis	
	2018	\$ 83,708,589
	2017	84,616,754
	2016	84,741,199
	[A]	<u>\$ 253,066,542</u>
Average Equalized Valuation of Taxable Property	[A/3]	\$ 84,355,514
Debt Limit (2.5% of Average Equalization Value)	[B]	2,108,888 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	<u>\$ 2,108,888</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 1,876,293	\$ 1,948,293	1,948,293	\$ 2,209,694	\$ 2,168,684	\$ 2,168,972	\$ 2,127,910	\$ 2,146,926	\$ 2,112,643	\$ 2,108,888
Total Net Debt Applicable to Limit										
Legal Debt Margin	<u>\$ 1,806,710</u>	<u>\$ 1,876,293</u>	<u>\$ 1,948,293</u>	<u>\$ 1,948,293</u>	<u>\$ 2,209,694</u>	<u>\$ 2,168,684</u>	<u>\$ 2,168,972</u>	<u>\$ 2,117,910</u>	<u>\$ 2,146,926</u>	<u>\$ 2,108,888</u>
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 NJSA 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)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2019	** 1,626	\$ 85,199,273	\$ 52,398	6.1%
2018	1,624	84,671,121	52,137	6.6%
2017	1,623	84,197,994	51,878	6.7%
2016	1,621	80,784,156	49,836	7.4%
2015	1,618	78,697,902	48,639	8.4%
2014	1,616	75,410,640	46,665	10.5%
2013	1,620	73,029,600	45,080	11.8%
2012	1,624	72,268,000	44,500	15.3%
2011	1,626	71,139,126	43,751	19.8%
2010	1,629	68,147,586	41,834	16.0%

** 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>*2019</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Cooper Health System				
American Water Works				
Bancroft NeuroHealth				
Campbell Soup Co.				
Diocese of Camden NJ, Inc.		N/A		
Kennedy University Hospital				
Virtua - West Jersey Health System				
Our Lady of Lourdes Med. Ctr.				
Global Aluminum (USA)				
Lockheed Martin				
Total	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Support Services:										
Tuition										
Student & Instruction Related Services										
General Administrative Services	1.5	1.5	1.5	None	None	None	None	None	None	None
School Administrative Services										
Business Administrative Services										
Plant Operations and Maintenance										
Pupil Transportation										
Food Service										
Total	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>
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
Shirley B. Foster (1975)										
Square Feet	15,234	15,234	15,234	15,234	37,350	37,350	37,350	37,350	37,350	37,350
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	103	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Middle School</u>										
Square Feet										
Capacity (students)										
Enrollment										
<u>Other</u>										
Administration Building										
Square Feet										
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										
Number of Schools at June 30, 2018										
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Shirley B. Foster Elem Schoc	N/A	\$ 54,913	\$ 85,991	\$ 47,327	\$ 50,078	\$ 57,197	\$ 42,602	\$ 31,415	\$ 13,483	\$ 24,307	\$ 11,414
Total School Facilities		54,913	85,991	47,327	50,078	57,197	42,602	31,415	13,483	24,307	11,414
Other Facilities											
Grand Total		<u>\$ 54,913</u>	<u>\$ 85,991</u>	<u>\$ 47,327</u>	<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>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Comprehensive General & Auto Liability	\$ 5,000,000	
Property & Auto Physical Damage	100,000	
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

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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 year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board of Education of the Chesilhurst School District's basic financial statements, and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chesilhurst Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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
November 11, 2019

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB 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, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Chesilhurst Board of Education's compliance.

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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chesilhurst Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over 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.

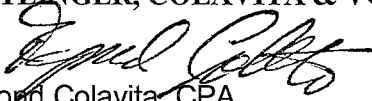
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal 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 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 material weaknesses or significant deficiencies. 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 November 11, 2019. 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
November 11, 2019

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance June 30, 2018		Cash Received	Budgetary Expenditures	Balance June 30, 2019 (Accounts Receivable)	Budgetary Receivable	MEMO Cumulative Total Expenditures
					(Accounts Receivable)	Unearned Revenue					
State Department of Education:											
General Fund											
Special Education Categorical Aid	19-495-034-5120-08	\$ 95,861	7/1/18	6/30/19	\$	\$	\$ 86,410	\$ (95,861)	\$ (9,451) *	\$ (9,451)	\$ 95,861
Special Education Categorical Aid	18-495-034-5120-089	95,861	7/1/17	6/30/18	(9,488)		9,488				
Equalization Aid	19-495-034-5120-078	1,533,518	7/1/18	6/30/19			1,382,312	(1,533,518)	(151,206) *	(151,206)	1,533,518
Equalization Aid	18-495-034-5120-078	1,533,518	7/1/17	6/30/18	(151,783)		151,783				
Security Aid	19-495-034-5120-084	50,877	7/1/18	6/30/19			45,860	(50,877)	(5,017) *	(5,017)	50,877
Security Aid	18-495-034-5120-084	50,877	7/1/17	6/30/18	(5,035)		5,035				
Adjustment Aid	19-495-034-5120-085	569,808	7/1/18	6/30/19			513,624	(569,808)	(56,184) *	(56,184)	569,808
Adjustment Aid	18-495-034-5120-085	641,066	7/1/17	6/30/18	(63,451)		63,451				
Transportation Aid	19-495-034-5120-014	170,166	7/1/18	6/30/19			153,387	(170,166)	(16,779) *	(16,779)	170,166
Transportation Aid	18-495-034-5120-014	122,687	7/1/17	6/30/18	(12,143)		12,143				
PARCC Readiness Aid	18-495-034-5120-098	1,310	7/1/17	6/30/18	(130)		130				
Per pupil Growth Aid	18-495-034-5120-097	1,310	7/1/17	6/30/18	(130)		130				
Professional Learning Community Aid	18-495-034-5120-101	1,440	7/1/17	6/30/18	(142)		142				
Extraordinary Aid	19-100-034-5120-044	23,893	7/1/18	6/30/19				(23,893)	(23,893) *		23,893
Extraordinary Aid	18-100-034-5120-473	22,505	7/1/17	6/30/18	(22,505)		22,505				
Additional Nonpublic Transportation Aid	19-495-034-5120-014	3,770	7/1/18	6/30/19				(3,770)	(3,770) *		3,770
Additional Nonpublic Transportation Aid	18-495-034-5120-014	3,770	7/1/17	6/30/18	(3,770)		3,770				
Total General Fund					(268,577)		2,450,170	(2,447,893)	(266,300)	(238,637)	2,447,893
Special Revenue Fund											
Preschool Education Aid	19-495-034-5120-086	19,848	7/1/18	6/30/19			17,865	(19,848)	(1,983) *	(1,983)	19,848
Preschool Education Aid	18-495-034-5120-086	19,552	7/1/17	6/30/18	(5,866)		5,866				
Total Special Revenue Fund					(5,866)		23,731	(19,848)	(1,983)	(1,983)	19,848
Total State Financial Assistance					\$ (274,443)	\$	\$ 2,473,901	\$ (2,467,741)	\$ (268,283)	\$ (240,620)	\$ 2,467,741

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, 2019

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

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 \$3,665 for the general fund and \$3,883 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, 2019
(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

	Federal	State	Total
General Fund	\$	\$ 2,451,558	\$ 2,451,558
Special Revenue Fund		23,731	23,731
Total Awards & Financial Assistance	\$	\$ 2,475,289	\$ 2,475,289

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, 2019.

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, 2019**

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)? _____ yes _____ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
N/A		

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, 2019
(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

19-495-034-5120-078

Equalization Aid

19-495-034-5120-089

Special Education Categorical Aid

19-495-034-5120-084

Security Aid

19-495-034-5120-085

Adjustment Aid

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)**

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

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

FEDERAL AWARDS N/A

- Finding:**
- Information on the federal program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Views of responsible officials and planned corrective actions:**

STATE AWARDS N/A

- Finding:**
- Information on the state 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 YEAR ENDED JUNE 30, 2019**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards 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.