

CHESTER SCHOOL DISTRICT

**Chester School District
Chester, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

**Chester School District
Board of Education**

Chester, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Chester School District
Board Office**

CHESTER SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors.....	8
 FINANCIAL SECTION.....	 9
Independent Auditors' Report	10
Required Supplementary Information	13
Management's Discussion and Analysis	14
Basic Financial Statements (Sections A and B).....	22
A. District-Wide Financial Statements	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
B-4 Statement of Net Position – Proprietary Funds.....	32
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	33
B-6 Statement of Cash Flows – Proprietary Funds.....	34
B-7 Statement of Fiduciary Net Position – Fiduciary Funds	35
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds	36
Notes to the Basic Financial Statements.....	37
Required Supplementary Information	76
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions	77
L-1 - Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	77
L-2 - Schedule of District Contributions – Public Employees Retirement System	78
L-3 - Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund.....	79
L-4 - Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	80
L-5 - Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability associated with the District and Related Ratios.....	81
Notes to Required Supplementary Information	82

CHESTER SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Supplementary Information

C.	Budgetary Comparison Schedules.....	85
C-1	Budgetary Comparison Schedule – General Fund.....	86
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	97
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	98
Other Supplementary Schedules (D.-I.)		
D.	School Level Schedules (Not Applicable)	100
E.	Special Revenue Fund.....	101
E-1	Combining Schedule of Program Revenue and Expenditures-Special Revenue Fund – Budgetary Basis.....	102
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F	Capital Projects Fund (Not Applicable)	105
G.	Proprietary Funds (Enterprise Fund).....	106
G-1	Statement of Net Position	107
G-2	Statement of Revenue, Expenses and Changes in Net Position.....	108
G-3	Statement of Cash Flows	109
H.	Fiduciary Funds	110
H-1	Combining Statement of Net Position	111
H-2	Statement of Changes in Fiduciary Net Position	112
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	113
H-4	Student Activity Agency Fund Statement of Activity	114
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements	115
I.	Long-Term Debt.....	116
I-1	Schedule of Serial Bonds	117
I-2	Schedule of Obligations Under Capital Leases.....	118
I-3	Debt Service Fund Budgetary Comparison Schedule	119

STATISTICAL SECTION

J.	Statistical Schedules (Unaudited).....	120
J-1	Net Position by Component.....	121
J-2	Changes in Net Position.....	122
J-3	Fund Balances - Governmental Funds.....	124
J-4	Changes in Fund Balances - Governmental Funds	125
J-5	General Fund Other Local Revenue by Source	127
J-6	Assessed Value and Actual Value of Taxable Property	128
J-7	Direct and Overlapping Property Tax Rates	129
J-8	Principal Property Taxpayers, Current Year and Nine Years Ago	130
J-9	Property Tax Levies and Collections.....	131
J-10	Ratios of Outstanding Debt by Type	132
J-11	Ratios of Net General Bonded Debt Outstanding.....	133
J-12	Ratios of Overlapping Governmental Activities Debt.....	134
J-13	Legal Debt Margin Information.....	135

CHESTER SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

STATISTICAL SECTION (Cont'd)

J-14	Demographic and Economic Statistics	136
J-15	Principal Employers, Current Year and Nine Years Ago	137
J-16	Full-time Equivalent District Employees by Function/Program.....	138
J-17	Operating Statistics	139
J-18	School Building Information	140
J-19	Schedule of Required Maintenance	141
J-20	Insurance Schedule.....	142

K. SINGLE AUDIT SECTION..... 143

K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	144
K-2	Independent Auditors' Report on Compliance with Requirements For Each Major State Program and on Internal Control over Compliance.....	146
K-3	Schedule of Expenditures of Federal Awards.....	148
K-4	Schedule of Expenditures of State Awards.....	149
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	151
K-6	Schedule of Findings and Questioned Costs.....	153
K-7	Summary Schedule of Prior Audit Findings.....	155

INTRODUCTORY SECTION
UNAUDITED



Dr. Christina Van Woert
Superintendent of Schools

Tanya Dawson
School Business Administrator

December 14, 2020

The Honorable President and Members of
the Board of Education
Chester School District
County of Morris
Chester, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Chester School District for the fiscal year ended June 30, 2020 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 Chester School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, 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 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Chester School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Codification Section 2100. All funds of the District are included in this report. Chester School District and its schools constitute the District's reporting entity.

The Honorable President and Members of
the Board of Education
Chester School District
Page 2
December 14, 2020

The District provides a full range of educational services appropriate to preschool through eighth grade for the students residing in Chester Township and Chester Borough and is considered a Consolidated School District. These include regular as well as special services for children with learning disabilities. The District also provides summer special education courses. The schools are organized on a K-2, 3-5 and 6-8 system and include Dickerson Elementary School, Bragg Intermediate School and Black River Middle School, all operating on a full-day schedule including Kindergarten, along with an integrated preschool.

(2) ENROLLMENT: The District completed the 2019-20 fiscal year with an enrollment of 1,060 students, which is 8 less students than the previous year's enrollment.

The District's highest enrollment of 1,457 was in the 2008-09 school year and has declined steadily from that point however we project enrollment in 2020-21 will remain flat. According to the Chester Borough Planning Board, there is little or no development planned in the near future so we expect enrollment to remain steady with no major fluctuations.

(3) ECONOMIC CONDITION AND OUTLOOK: The Chester School District, as all of the school districts in the United States, is contending with the COVID-19 pandemic and all of the resultant economic challenges that it brings and will continue to bring for the foreseeable future. These challenges include loss of state aid, an expedient expiration of many of the businesses that make up our tax base, the loss of income and position for many of our families and a dramatic increase in COVID related costs due to personnel issues, teacher leaves, loss of district revenue through rentals and food services, purchasing of PPE and retrofitting of various systems to provide proper COVID related environmental conditions.

(4) MAJOR INITIATIVES: For the 20-21 school year, the district is focused on handling all of the new and unexpected challenges that the COVID-19 pandemic has presented. This includes a loss of consistency in instruction, assessment and program that no school district has ever experienced. To mitigate these circumstances, we have an entire team of administrators and instructional coaches working on diagnosing learning losses across all nine grade levels and formulating action plans to correct these deficiencies and continue to advance the academic achievements of our students.

MATH

Our math programs and curriculum are in alignment with the New Jersey Student Learning Standards. We use the Pearson Envision Program which offers a solid balance between virtual on-line teaching resources, along with hands on strategies and materials. At our middle school grade levels, our students work through a sequence of courses called Pathways to Algebra. Students are offered standard grade level math, Algebra and/or Geometry. A math coach helps coordinate this program and assures that instruction and assessments are in keeping with our curriculum and standards.

SCIENCE

Our district uses the STEM Scopes Science Program as offered by the Next Generation Science Standards and the National Science Foundation. The program is aligned to the New Jersey Student Learning Standards as well. This program offers a hands-on, constructivist approach to teaching science with an on-line research and learning platform.

LANGUAGE ARTS/LITERACY

The district has a literacy coach who expertly implements our balanced literacy program in grades K – 8, with additional support at the middle school grades. Using a guided reading approach and an on-line reading inventory assessment, our teachers tailor lessons specifically to each student’s needs. We have also begun training our teachers on a rotating basis in the Orton-Gillingham approach to reading instruction to further allow for even more individualized reading instruction for our students.

SOCIAL STUDIES

This year we have had a Civics Committee that focused on civics education across the district and the grade levels. We have worked especially hard to strengthen the connections between the community and municipal governments and the schools. While ensuring that all of our district curriculum is in alignment with the New Jersey Student Learning Standards, we have focused on making social studies and history come alive for our students to help promote the tenets of good and active citizenship.

TECHNOLOGY

The district continues to enhance technology in the classroom and district wide. We have four instructional coaches to help integrate technology into all facets of instruction. In addition, we have an expert in our Technology Director and his team of three technicians to help ensure that all of our technology is working accurately and that we are staying current. We continue to follow the tenets of our District Technology Plan that was written in 2019.

FACILITIES

The District has continued to make it a priority to deposit excess funds in the Capital Reserve and Maintenance Reserve Accounts to ensure that the District’s infrastructure remains in good condition. Projects for the 2019-20 school year involved a new chiller at the Dickerson School and a new roof top unit (RTU) for the 8th grade wing at the Black River Middle School. The District provides for the maintenance of the buildings in the annual budget. The district continues to pursue long range planning initiatives. Additionally, the District has been aggressive in addressing facility needs by continuing to engage in facilities planning. Numerous capital projects and facilities improvements have resulted from these budget and facilities planning activities.

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

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

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

(6) 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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2020.

(7) 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 the "Notes to the Basic Financial Statements," Note 1.

(8) FINANCIAL POLICIES: As a result of the current economic situation, the District has put policies in place to implement the efficiency standards as established by the State of New Jersey. The District is using shared services and purchasing cooperatives whenever possible. The District also participated in the Morris County Improvement Authority's Renewable Energy Program, significantly reducing the District's energy costs, allowing more funding to be directed into the classroom.

The District adopted the following financial policies to guide budget development and oversight:

- Provide funds for programs and services that support District goals and education excellence
- Provide funding for all programs required by state and federal mandate, Board policy and contractual obligations
- Be prudent in the expenditure of District funds, respecting the impact on local taxpayers
- Build the budget from a zero base; requiring justification for all line items, including contingencies for unanticipated needs
- Prepare a budget in compliance with N.J.A.C. 6A:23A. School district Fiscal Accountability, Efficiency and Budgeting Procedures, Subchapter 8. Annual Budget Development and Submission
- Prepare a budget in compliance with the tax levy cap law, P.L. 2010, c. 44.

(9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan, 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, where the funds are secured in accordance with the Act.

The Honorable President and Members of
the Board of Education
Chester School District
Page 5
December 14, 2020

(10) 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.

(11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected Nisivoccia, LLP as its auditor. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Uniform Guidance and New Jersey’s OMB Circular 15-08. The auditor’s report on the basic financial statements and specific required supplementary information, is included in the financial section of this report. The auditor’s reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

(12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Chester Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial services of our financial and accounting staff.

Respectfully submitted,

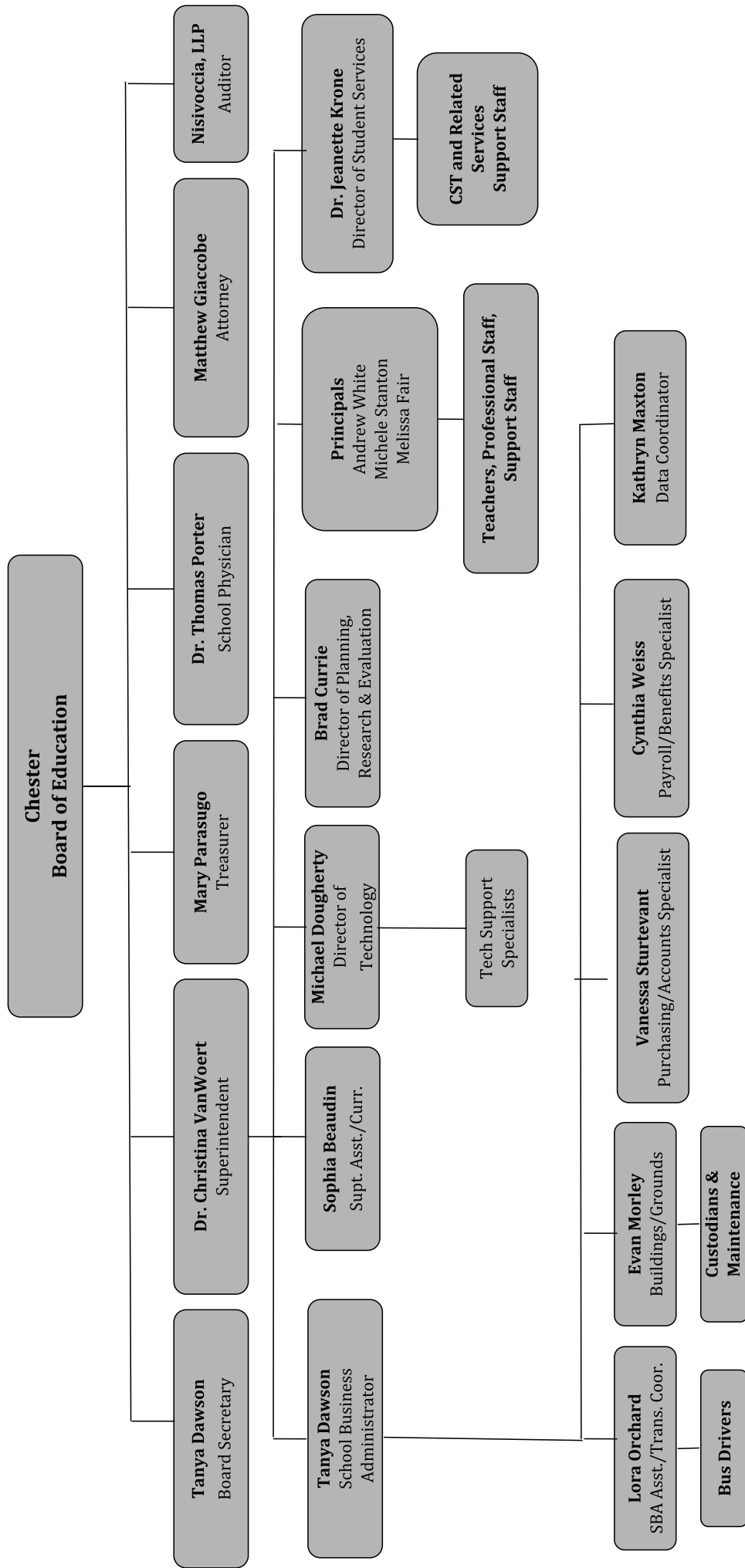
Christina Van Woert

Christina Van Woert, Ed. D.
Superintendent of Schools

Tanya Dawson

Tanya Dawson
School Business Administrator/Board Secretary

Chester Public Schools Organization Chart 2019-2020



**CHESTER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Tomasco - President	2021
Raj Sha - Vice President	2021
Heather Ronco - Trustee	2022
Amy Collins - Trustee	2022
Kerri Wright - Trustee	2022
Christopher Lowry - Trustee	2020
Liz Madinabeitia - Trustee	2020
Forlenza Rebekah - Trustee	2020
Sara Kalashian - Trustee	2021

<u>Other Officers</u>	<u>Title</u>
Dr. Christina Van Woert	Superintendent
Tanya Dawson	Business Administrator/Board Secretary
Mary Parasugo, Treasurer	Treasurer

CHESTER SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Matthew J. Giacobbe
Giacobbe, Alfieri, Jacobs, LLC
955 State Route 34
Matawan, NJ 07747

Official Depository

Valley National Bank
2 Main Street
Chester, NJ 07930

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, 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 Chester School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 District'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 District'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District, in the County of Morris, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Chester School District
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 District'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 District's internal control over financial reporting and compliance.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

This section of the Chester School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of the School District’s Financial Report**

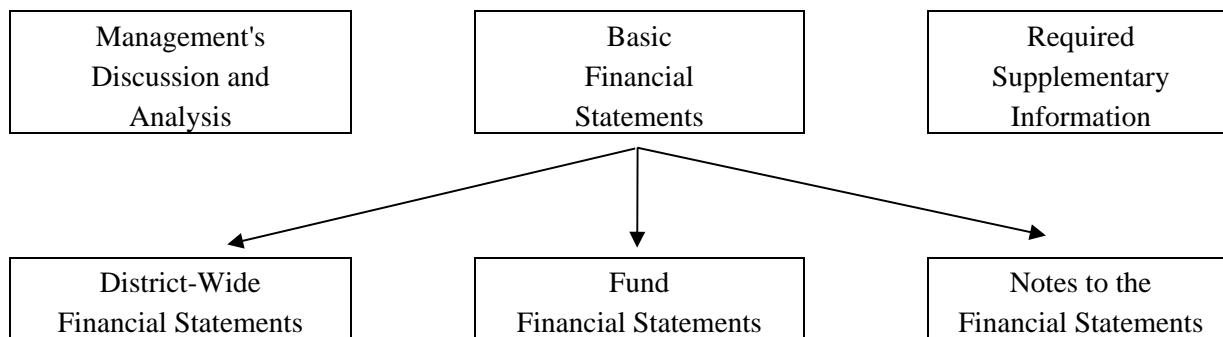


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements:

Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$448,391. Net position from governmental activities increased by \$444,374 and net position from business-type activities increased by \$4,017. Net investment in capital assets increased by \$854,807, restricted net position decreased by \$492,399, and unrestricted net position increased by \$85,983.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Change
Assets:							
Current and							
Other Assets	\$ 7,166,891	\$ 7,570,819	\$ 155,464	\$ 132,931	\$ 7,322,355	\$ 7,703,750	
Capital Assets, Net	<u>21,881,925</u>	<u>21,664,843</u>	<u>100,376</u>	<u>113,534</u>	<u>21,982,301</u>	<u>21,778,377</u>	
Total Assets	<u>29,048,816</u>	<u>29,235,662</u>	<u>255,840</u>	<u>246,465</u>	<u>29,304,656</u>	<u>29,482,127</u>	-0.60%
Deferred Outflows of Resources	<u>2,230,969</u>	<u>2,848,236</u>			<u>2,230,969</u>	<u>2,848,236</u>	-21.67%
Liabilities:							
Other Liabilities	502,931	547,466	28,570	23,212	531,501	570,678	
Long-Term Liabilities	<u>20,166,777</u>	<u>21,372,006</u>			<u>20,166,777</u>	<u>21,372,006</u>	
Total Liabilities	<u>20,669,708</u>	<u>21,919,472</u>	<u>28,570</u>	<u>23,212</u>	<u>20,698,278</u>	<u>21,942,684</u>	-5.67%
Deferred Inflows of Resources	<u>1,894,024</u>	<u>1,902,747</u>			<u>1,894,024</u>	<u>1,902,747</u>	-0.46%
Net Position:							
Net Investment in							
Capital Assets	8,788,237	7,920,272	100,376	113,534	8,888,613	8,033,806	
Restricted	6,140,616	6,633,015			6,140,616	6,633,015	
Unrestricted/(Deficit)	<u>(6,212,800)</u>	<u>(6,281,608)</u>	<u>126,894</u>	<u>109,719</u>	<u>(6,085,906)</u>	<u>(6,171,889)</u>	
Total Net Position	<u>\$ 8,716,053</u>	<u>\$ 8,271,679</u>	<u>\$ 227,270</u>	<u>\$ 223,253</u>	<u>\$ 8,943,323</u>	<u>\$ 8,494,932</u>	5.28%

Changes in Net Position. The District's combined net position was \$8,943,323 on June 30, 2020, an increase of \$448,391 or 5.28% more than it was the year before (See Figure A-3). Net Investment in Capital Assets increased primarily due to the maturity of \$705,000 of serial bonds payable and \$2,182,166 in capital assets additions; offset by \$1,978,242 in depreciation expense. Restricted net position decreased primarily due to the decrease in capital reserve offset by the increase in excess surplus. The unrestricted net position increased due primarily to an increase in compensated absences, offset by the net change in the net pension liability and related deferred inflows and outflows.

Figure A-4

	Changes in Net Position from Operating Results						Percentage Change
	Governmental	Business-	Governmental	Business-	Total	Total	
	Activities	Type	Activities	Type	School	School	
	2019/2020	2019/2020	2018/2019	2018/2019	District	District	2019/2020
Revenue:							
Program Revenue:							
Charges for Services	\$ 325,541	\$ 252,626	\$ 209,013	\$ 329,590	\$ 578,167	\$ 538,603	
Operating Grants and Contributions							
	6,771,384	58,899	7,713,290	65,474	6,830,283	7,778,764	
General Revenue:							
Property Taxes	21,729,965		21,539,509		21,729,965	21,539,509	
Unrestricted State and Federal Aid							
	62,341		77,291		62,341	77,291	
Other	267,658	2,183	269,661	2,504	269,841	272,165	
Total Revenue	29,156,889	313,708	29,808,764	397,568	29,470,597	30,206,332	-2.44%
Expenses:							
Instruction	16,173,069		15,617,038		16,173,069	15,617,038	
Pupil and Instruction Services	4,490,072		4,424,966		4,490,072	4,424,966	
Administrative and Business	2,904,212		4,537,989		2,904,212	4,537,989	
Maintenance and Operations	2,477,509		2,429,767		2,477,509	2,429,767	
Transportation	1,833,796		1,478,708		1,833,796	1,478,708	
Other	833,857	309,691	794,930	368,939	1,143,548	1,163,869	
Total Expenses	28,712,515	309,691	29,283,398	368,939	29,022,206	29,652,337	-2.13%
Other Items:							
Transfers In/(Out)			(62,195)	62,195			
	-0-	-0-	(62,195)	62,195	-0-	-0-	
Increase/(Decrease) in Net Position	\$ 444,374	\$ 4,017	\$ 463,171	\$ 90,824	\$ 448,391	\$ 553,995	-19.06%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased during the course of the year. However, maintaining existing programs for regular pupil enrollment and the provision of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of the following functions:

Figure A-5

	Net Cost of Governmental Activities			
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2019/2020</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2018/2019</u>
Instruction	\$ 16,173,069	\$ 10,533,254	\$ 15,617,038	\$ 9,824,343
Pupil and Instruction Services	4,490,072	3,806,585	4,424,966	3,321,321
Administrative and Business	2,904,212	2,483,093	4,537,989	4,042,385
Maintenance and Operations	2,477,509	2,477,509	2,429,767	2,263,256
Transportation	1,833,796	1,563,213	1,478,708	1,143,238
Other	833,857	751,936	794,930	766,552
	<u>\$ 28,712,515</u>	<u>\$ 21,615,590</u>	<u>\$ 29,283,398</u>	<u>\$21,361,095</u>

Business-Type Activities

The District’s business-type activities increased by \$4,017 despite decreased sales from the prior year as a result of the pandemic.

Financial Analysis of the District’s Funds

The District’s financial position increased primarily due to careful planning and monitoring of expenditures despite changes in student needs and difficult economic times. Expenditures during the recent year increased in the area of pupil and instruction services attributable to students with various needs entering the school district. In addition to greater numbers, some of these pupils are more profoundly challenged and require more complex educational and related services.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The budget was amended for transfers to prevent over-expenditures of specific line item accounts.

Capital Asset and Long – Term Liabilities Administration

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2019/2020
	Government Activities		Business-Type Activities		Total School District		
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Construction in Progress	\$ 105,500	\$ 152,500			\$ 105,500	\$ 152,500	-30.82%
Buildings and Building Improvements	20,173,402	19,833,117	\$ 10,720	\$ 11,315	20,184,122	19,844,432	1.71%
Site Improvements	492,841	543,784			492,841	543,784	-9.37%
Machinery and Equipment	1,110,182	1,135,442	\$ 89,656	\$ 102,219	1,199,838	1,237,661	-3.06%
Total Capital Assets (Net of Depreciation)	\$ 21,881,925	\$ 21,664,843	\$ 100,376	\$ 113,534	\$ 21,982,301	\$ 21,778,377	0.94%

During the current fiscal year, the District had capital additions of \$2,182,166 and depreciated \$1,978,242 of its capital assets.

Long-term Liabilities

At year-end, the District had \$20,166,777 in long term liabilities – an decrease of \$1,205,229 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

	Outstanding Long-Term Liabilities		
	Total School District		Percentage Change
	2019/2020	2018/2019	
Serial Bonds Payable	\$ 14,025,000	\$ 14,730,000	-4.79%
Net Pension Liability	5,030,087	5,495,531	-8.47%
Other Long-Term Liabilities	1,111,690	1,146,475	-3.03%
Other Long-Term Liabilities	\$ 20,166,777	\$ 21,372,006	-5.64%

The District continued to pay down its debt, which included retiring \$38,120 capital lease obligations and \$705,000 in serial bonds payable. The District also paid down \$33,841 of capital leases during the year. There was also a net increase of \$43,158 in compensated absences payable, a \$44,511 decrease in unrestricted bond premium and a 8.47% decrease in net pension liability of \$465,444.

Factors Bearing on the District’s Future

The Chester School District remains financially stable. On January 6, 2018, S&P Global issued a report that noted an upgrade to AA++ for school long-term debt. Additionally, although state funding remains unsure year to year, the District continues to maintain healthy reserves and strong educational programs despite this uncertainty.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Tanya Dawson, School Business Administrator, Chester Board of Education, 50 North Road, Chester, New Jersey.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 939,130	\$ 137,678	\$ 1,076,808
Receivables from State Government	133,794	100	133,894
Receivables from Federal Government	61,835	6,309	68,144
Receivables from Other Governments	11,928		11,928
Other Accounts Receivable	79,588		79,588
Inventories		11,377	11,377
Restricted Cash and Cash Equivalents	5,940,616		5,940,616
Capital Assets, Net:			
Construction in Progress	105,500		105,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	21,776,425	100,376	21,876,801
Total Assets	29,048,816	255,840	29,304,656
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	997,880		997,880
Deferred Outflows Related to Pensions	1,233,089		1,233,089
Total Deferred Outflows of Resources	2,230,969		2,230,969
LIABILITIES			
Current Liabilities:			
Accounts Payable	291,616		291,616
Payable to State Government	2,294		2,294
Payable to Federal Government	50		50
Accrued Interest Payable	145,868		145,868
Unearned Revenue	63,103	28,570	91,673
Noncurrent Liabilities:			
Due Within One Year	797,238		797,238
Due Beyond One Year	19,369,539		19,369,539
Total Liabilities	20,669,708	28,570	20,698,278
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	1,894,024		1,894,024
Total Deferred Inflows of Resources	1,894,024		1,894,024
NET POSITION			
Net Investment in Capital Assets	8,788,237	100,376	8,888,613
Restricted for:			
Capital Projects	4,912,489		4,912,489
Maintenance Reserve	1,028,127		1,028,127
Excess Surplus	200,000		200,000
Unrestricted/(Deficit)	(6,212,800)	126,894	(6,085,906)
Total Net Position	\$ 8,716,053	\$ 227,270	\$ 8,943,323

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 12,106,994	\$ 325,541	\$ 3,382,306	\$ (8,724,688)		\$ (8,724,688)
Special Education	2,884,746		1,680,200	(879,005)		(879,005)
Other Special Instruction	848,462		251,768	(596,694)		(596,694)
School Sponsored	332,867			(332,867)		(332,867)
Support Services:						
Tuition	238,685		135,892	(102,793)		(102,793)
Student and Instruction Related Services	4,251,387		547,595	(3,703,792)		(3,703,792)
General Administrative Services	570,338			(570,338)		(570,338)
School Administrative Services	1,437,616		421,119	(1,016,497)		(1,016,497)
Central Services	607,902			(607,902)		(607,902)
Administrative Information Technology	288,356			(288,356)		(288,356)
Plant Operations and Maintenance	2,477,509			(2,477,509)		(2,477,509)
Pupil Transportation	1,833,796		270,583	(1,563,213)		(1,563,213)
Special Schools	287,011		81,921	(205,090)		(205,090)
Interest on Long-Term Debt	488,388			(488,388)		(488,388)
Capital Outlay	58,458			(58,458)		(58,458)
Total Governmental Activities	28,712,515	325,541	6,771,384	(21,615,590)		(21,615,590)
Business-Type Activities:						
Food Service	309,691	252,626	58,899		\$ 1,834	1,834
Total Business-Type Activities	309,691	252,626	58,899		1,834	1,834
Total Primary Government	\$ 29,022,206	\$ 578,167	\$ 6,830,283	(21,615,590)	1,834	(21,613,756)

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Property Taxes, Levied for General Purposes	\$ 21,729,965		\$ 21,729,965
Federal, State and Local Aid not Restricted	62,341		62,341
Interest Earnings	114,190	\$ 2,183	116,373
Miscellaneous Income	153,468		153,468
Total General Revenues	22,059,964	2,183	22,062,147
Change in Net Position	444,374	4,017	448,391
Net Position - Beginning	8,271,679	223,253	8,494,932
Net Position - Ending	\$ 8,716,053	\$ 227,270	\$ 8,943,323

FUND FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 939,130			\$ 939,130
Interfund Receivable	3,407			3,407
Receivables From State Government	130,349	\$ 3,445		133,794
Receivables From Federal Government		61,835		61,835
Receivables From Other Governments	11,928			11,928
Other Accounts Receivable	76,014	3,574		79,588
Restricted Cash and Cash Equivalents	5,940,616			5,940,616
Total Assets	\$ 7,101,444	\$ 68,854	\$ -0-	\$ 7,170,298
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 4,600			\$ 4,600
Interfund Payable		\$ 3,407		3,407
Payable to State Government		2,294		2,294
Payable to Federal Government		50		50
Unearned Revenue		63,103		63,103
Total Liabilities	4,600	68,854		73,454
Fund Balances:				
Restricted:				
Excess Surplus - 2021-2022	200,000			200,000
Capital Reserve Account	4,912,489			4,912,489
Maintenance Reserve Account	1,028,127			1,028,127
Assigned:				
Other Purposes	104,844			104,844
Designated for Subsequent Year's Expenditures	351,727			351,727
Designated for Subsequent Year's Expenditures Year's Expenditures July 1, 2020 – August 1, 2020	62,132			62,132
Unassigned	437,525			437,525
Total Fund Balances	7,096,844	-0-		7,096,844
Total Liabilities and Fund Balances	\$ 7,101,444	\$ 68,854	\$ -0-	\$ 7,170,298

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Fund Balances at June 30, 2020	\$ 7,096,844
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	21,881,925
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(437,287)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	997,880
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(145,868)
Long-Term Liabilities, including the Bonds Payable and Compensated Absences Payable and Leases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(14,632,835)
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported Statement of Activities.	(66,568)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Net Pension Liability	(5,030,087)
Deferred Outflows	946,073
Deferred Inflows	<u>(1,894,024)</u>
Net Position of Governmental Activities	<u>\$ 8,716,053</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 20,650,521		\$ 1,079,444	\$ 21,729,965
Tuition Charges	325,541			325,541
Transportation Fees	14,336			14,336
Rentals and Royalties	74,442			74,442
Interest Earned on Invesments	61,828			61,828
Interest Earned on Capital Reserve Funds	38,197			38,197
Interest Earned on Maintenance Reserve	14,165			14,165
Miscellaneous	64,690	\$ 26,082		90,772
Total - Local Sources	21,243,720	26,082	1,079,444	22,349,246
State Sources	4,732,480	171,567		4,904,047
Federal Sources		353,932		353,932
Total Revenues	25,976,200	551,581	1,079,444	27,607,225
EXPENDITURES:				
Current:				
Regular Instruction	6,552,805	247,642		6,800,447
Special Education Instruction	1,568,557	70,462		1,639,019
Other Special Instruction	481,132			481,132
School-Sponsored	255,915			255,915
Support Services and Undistributed Costs:				
Tuition	102,793	135,892		238,685
Student and Other Instruction Related Services	2,512,629	97,585		2,610,214
General Administrative Services	441,315			441,315
School Administrative Services	799,932			799,932
Central Services	385,029			385,029
Administrative Information Technology	255,237			255,237
Plant Operations and Maintenance	2,003,709			2,003,709
Student Transportation	1,569,826			1,569,826
Unallocated Benefits	6,922,225			6,922,225
Debt Service:				
Principal			705,000	705,000
Interest and Other Charges			458,750	458,750
Capital Outlay	2,240,623			2,240,623
Special Schools	167,488			167,488
Total Expenditures	26,259,215	551,581	1,163,750	27,974,546
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(283,015)		(84,306)	(367,321)
Fund Balance - July 1	7,379,859		84,306	7,464,165
Fund Balance - June 30	<u>\$ 7,096,844</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,096,844</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(367,321)
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 differs from depreciation in the period.		
	Depreciation Expense \$	(1,965,084)
	Capital Outlays	<u>2,182,166</u>
		217,082
Repayment of capital leases 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.		33,432
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		13,400
Repayment of serial bonds 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.		705,000
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		44,511
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(87,549)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		465,444
Change in Deferred Outflows		(545,190)
Change in Deferred Inflows		8,723
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(43,158)</u>
Change in net position of governmental activities (A-2)	\$	<u><u>444,374</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Business-Type Activities
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 137,678
Intergovernmental Accounts Receivable:	
State	100
Federal	6,309
Inventories	11,377
Total Current Assets	155,464
Non-Current Assets:	
Capital Assets	212,449
Less: Accumulated Depreciation	(112,073)
Total Non-Current Assets	100,376
Total Assets	255,840
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Donated Commodities	2,783
Unearned Revenue - Prepaid Sales	25,787
Total Current Liabilities	28,570
NET POSITION:	
Investment in Capital Assets	100,376
Unrestricted	126,894
Total Net Position	\$ 227,270

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Enterprise Fund
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 174,837
Daily Sales - Non Reimbursable Programs	68,633
Special Events	9,080
Other Miscellaneous Revenue	76
Total Operating Revenue	252,626
Operating Expenses:	
Cost of Sales - Reimbursable Programs	95,188
Cost of Sales - Non-Reimbursable Programs	37,367
Salaries, Benefits and Payroll Taxes	127,685
Management Fee	17,110
Supplies and Materials	10,959
Miscellaneous Expenditures	8,224
Depreciation	13,158
Total Operating Expenses	309,691
Operating Loss	(57,065)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,185
Seamless Summer Option	183
Federal Sources:	
National School Lunch Program	32,296
Seamless Summer Option	11,561
Food Distribution Program	12,674
Local Sources:	
Interest Revenue	2,183
Total Non-Operating Revenue	61,082
Change in Net Position	4,017
Net Position - Beginning of Year	223,253
Net Position - End of Year	\$ 227,270

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities Enterprise Fund</u>
Cash Flows for Operating Activities:	
Receipts from Customers	\$ 267,083
Payments for Salaries, Payroll Taxes and Benefits	(295,723)
Payments to Suppliers	<u>(3,749)</u>
Net Cash Used for Operating Activities	<u>(32,389)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,854
Seamless Summer Option	83
Federal Sources:	
National School Lunch Program	42,229
Seamless Summer Option	<u>5,252</u>
Net Cash Provided by Noncapital Financing Activities	<u>50,418</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>2,183</u>
Net Cash Provided by Investing Activities	<u>2,183</u>
Net Increase in Cash and Cash Equivalents	20,212
Cash and Cash Equivalents, July 1	<u>117,466</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 137,678</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (57,065)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,158
Food Distribution Program	12,674
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(6,514)
(Decrease) in Accounts Payable	(10,669)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	14,457
Increase/(Decrease) in Unearned Revenue - Donated Commodities	<u>1,570</u>
Net Cash Used for Operating Activities	<u><u>\$ (32,389)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,244 and utilized commodities valued at \$12,674 for the fiscal year ended June 30, 2020.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Agency	Flexible Spending Trust	Unemployment Compensation Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 94,253	\$ 8,274	\$ 111,655
Total Assets	94,253	8,274	111,655
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	26,320		
Due to Student Groups	63,365		
Technology Store	4,568		
Total Liabilities	94,253		
<u>NET POSITION:</u>			
Held in Trust for Flexible Spending Claims		8,274	
Held in Trust for Unemployment Claims			111,655
Total Net Position	\$ -0-	\$ 8,274	\$ 111,655

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 23,240	\$ 31,134
Total Contributions	23,240	31,134
Investment Earnings:		
Interest		1,735
Total Additions	23,240	32,869
DEDUCTIONS:		
Flexible Spending Claims	22,413	
Quarterly Contribution Reports/Unemployment Claims		31,383
Total Deductions	22,413	31,383
Change in Net Position	827	1,486
Net Position - Beginning of the Year	7,447	110,169
Net Position - End of the Year	\$ 8,274	\$ 111,655

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Capital Projects Fund: 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations. The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust and the Unemployment Compensation Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for fiscal year ending June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,982,990	\$ 551,581
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	112,581	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(119,371)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 25,976,200	\$ 551,581
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,259,215	\$ 551,581
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,259,215	\$ 551,581

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments (Cont'd)

All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

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. 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.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses: (Cont'd)

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, 2020.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

The District does not allow employees, who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2020.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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.

O. Unearned Revenue

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,096,844 General Fund fund balance at June 30, 2020, \$4,912,489 is restricted in a capital reserve; \$1,028,127 is restricted in a maintenance reserve; \$200,000 is restricted for current year excess in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; \$104,844 is assigned for year-end encumbrances and \$413,859 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year end June 30, 2021. The unassigned fund balance of \$437,525 is \$119,371 less than the actual unassigned fund balance on a budgetary basis due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2021.

Debt Service Fund: The Debt Service Fund has \$-0- restricted at June 30, 2020.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions and for the deferred amount on the refundings at June 30, 2020.

The District had deferred inflows of resources related to pensions at June 30, 2020.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$6,212,800 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, and net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the note specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Fund balance restrictions have been established for a capital reserve, a maintenance reserve and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund at June 30, 2020 for year-end encumbrances and for amounts designated for subsequent year's expenditures.

T. Revenue - Exchange and Nonexchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property 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 grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue 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.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Management Estimates:

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – the District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

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

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

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

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:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.; 1977,c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			Total
	Unrestricted	Restricted		
		Capital Reserve	Maintenance Reserve	
Checking Accounts	\$ 1,290,990	\$ 4,912,489	\$ 1,028,127	\$ 7,231,606

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$7,231,606 and the bank balance was \$8,010,072. The District did not hold any investments during the fiscal year ended June 30, 2020.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution in 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 5,534,747
Increased by:		
Deposit - Board Resolution June 23, 2020	\$ 1,390,301	
Unexpended Money Returned from Capital Outlay	270,224	
Interest Earnings	38,197	
		1,698,722
Decreased by:		
Budgeted Withdrawal	(1,910,000)	
Withdrawal by Board Resolution	(410,980)	
		(2,320,980)
Ending Balance, June 30, 2020		\$ 4,912,489

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve at June 30, 2020 did not exceed the balance of local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 1,013,962
Interest Earnings	<u>14,165</u>
Ending Balance, June 30, 2020	<u><u>\$ 1,028,127</u></u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 152,500		\$ (47,000)	\$ 105,500
Total Capital Assets Not Being Depreciated	152,500		(47,000)	105,500
Capital Assets Being Depreciated:				
Buildings and Building Improvements	38,749,101	\$ 1,992,174	47,000	40,788,275
Site Improvements	1,704,280			1,704,280
Machinery and Equipment	2,458,519	189,992		2,648,511
Total Capital Assets Being Depreciated	42,911,900	2,182,166	47,000	45,141,066
Governmental Activities Capital Assets	43,064,400	2,182,166		45,246,566
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,915,984)	(1,698,889)		(20,614,873)
Site Improvements	(1,160,496)	(50,943)		(1,211,439)
Machinery and Equipment	(1,323,077)	(215,252)		(1,538,329)
	(21,399,557)	(1,965,084)		(23,364,641)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 21,664,843	\$ 217,082	\$ -0-	\$ 21,881,925
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 196,567			\$ 196,567
Buildings and Building Improvements	15,882			15,882
	212,449			212,449
Less Accumulated Depreciation				
Machinery and Equipment	(94,548)	\$ (12,363)		(106,911)
Buildings and Building Improvements	(4,367)	(795)		(5,162)
	(98,915)	(13,158)		(112,073)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 113,534	\$ (13,158)	\$ -0-	\$ 100,376

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 671,512
Special Education	217,372
Student and Instruction Related Services	507,256
General Administrative Services	40,302
School Administrative Services	79,211
Central Services/Admin Info Tech	59,374
Plant Operations and Maintenance	204,188
Pupil Transportation	185,869
	<u>\$ 1,965,084</u>

NOTE 7: TRANSFERS FROM CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$410,980 to the capital outlay accounts from capital reserve through an approved board resolution, and \$31,956 into equipment which did not require county superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Serial Bonds Payable	\$ 14,730,000		\$ 705,000	\$ 14,025,000
Unamortized Bond Premium	481,798		44,511	437,287
Obligations Under Capital Leases	100,000		33,432	66,568
Compensated Absences Payable	564,677	\$ 73,409	30,251	607,835
Net Pension Liability	5,495,531		465,444	5,030,087
	<u>\$ 21,372,006</u>	<u>\$ 73,409</u>	<u>\$ 1,278,638</u>	<u>\$ 20,166,777</u>

A. Serial Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund. The District had bonds outstanding as of June 30, 2020 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
Bond Refunding 2012	12/12/12	03/01/35	2.50%-4.00%	\$ 6,155,000
Bond Refunding 2013	01/15/13	03/01/30	2.20%-4.00%	7,870,000
				<u>\$ 14,025,000</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Serial Bonds Payable: (Cont'd)

The current portion of bonds payable at June 30, 2020 is \$720,000 and the long-term portion is \$13,305,000.

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 720,000	\$ 437,600	\$ 1,157,600
2022	745,000	415,750	1,160,750
2023	735,000	393,150	1,128,150
2024	770,000	371,275	1,141,275
2025	785,000	354,230	1,139,230
2026-2030	4,465,000	1,400,680	5,865,680
2031-2035	5,805,000	536,250	6,341,250
	<u>\$ 14,025,000</u>	<u>\$ 3,908,935</u>	<u>\$ 17,933,935</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$44,511 and the long-term portion is \$392,776.

C. Bonds Authorized But Not Issued:

As of June 30, 2020 the District has no bonds authorized but not issued or bonded debt outstanding.

D. Obligations Under Capital Leases:

The District has commitments to classroom sound system equipment under a capital lease which expires in 2022. Of the \$138,120 of capital leases entered into by the District, \$71,552 has been liquidated as of June 30, 2020. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 34,991
June 30, 2022	34,990
Total future minimum lease payments	69,981
Less: amount representing interest	3,413
Present value of minimum representing interest	<u>\$ 66,568</u>

The current portion of the capital leases payable at June 30, 2020 is \$32,727 and the long term portion is \$33,841. The General Fund will be used to liquidate the capital leases payable.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The entire amount of compensated absences payable at June 30, 2020 is \$607,835.

The liability for vested compensated absences of the proprietary fund is recorded within that funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$5,030,087. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: Public Employee's Retirement System (PERS) of New Jersey or, the Teachers' Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP). a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$278,601 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the District reported a liability of \$5,030,087 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0279%, which was an decrease of 0.0001% from its proportion measured as of June 30, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$343,784. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 13,293	
	2015	5.72	82,197	
	2016	5.57	406,783	
	2017	5.48		\$ 722,087
	2018	5.63		583,513
	2019	5.21		440,327
			<u>502,273</u>	<u>1,745,927</u>
Changes in Proportion	2014	6.44		254
	2015	5.72	25,753	
	2016	5.57	7,041	
	2017	5.48		46,220
	2018	5.63	319,755	
	2019	5.21	968	
			<u>353,517</u>	<u>46,474</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(92,841)
	2017	5.00		111,416
	2018	5.00		77,498
	2019	5.00		(16,671)
			<u>-0-</u>	<u>79,402</u>
Difference Between Expected and Actual Experienc	2015	5.72	22,805	
	2016	5.57	12,345	
	2017	5.45	21,475	
	2018	5.63		22,221
	2019	5.21	33,658	
			<u>90,283</u>	<u>22,221</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	287,016	
			<u>\$ 1,233,089</u>	<u>\$ 1,894,024</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (145,246)
2021	(471,176)
2022	(420,732)
2023	(197,555)
2024	(20,285)
	\$ (1,254,994)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 6,398,019	\$ 5,030,087	\$ 3,941,890

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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. The following represents the membership tiers for TPAF:

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$1,956,928 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,228,796.

The employee contribution rate was 7.50% effective July 1, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$54,741,439. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0891%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>54,741,439</u>
Total	<u>\$ 54,741,439</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$3,228,796 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				8,729,264,342
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				1,203,503,264
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
				163,369,676
			\$ 9,932,767,606	\$ 17,539,845,423

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 64,552,272	\$ 54,741,439	\$ 46,601,545

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$10,475 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$21,883 for the fiscal year ended June 30, 2020.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 38,703,743
Changes for Year:	
Service Cost	1,497,658
Interest on the Total OPEB Liability	1,535,275
Changes of Assumptions	535,900
Differences between Expected and Actual Experience	(5,259,810)
Gross Benefit Payments by the State	(1,103,317)
Contributions from Members	32,705
Net Changes	(2,761,589)
Balance at June 30, 2019	\$ 35,942,154

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 42,461,887	\$ 35,942,154	\$ 30,763,235

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 29,614,733	\$ 35,942,154	\$ 44,318,360

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$1,016,794 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,184,394
	2018	9.51		3,599,145
	2019	9.29	\$ 478,215	
			478,215	7,783,538
Differences Between Expected and Actual Experience	2018	9.51		3,402,312
	2019	9.29		5,628,614
				9,030,926
Changes in Proportion	N/A	N/A	1,242,745	99,789
			\$ 1,720,960	\$ 16,914,253

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (2,193,379)
2021	(2,193,378)
2022	(2,193,378)
2023	(2,193,379)
2024	(2,193,379)
Thereafter	(5,369,356)
	\$ (16,336,249)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits - Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”). This public entity risk management pool provided general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits – Insurance (Cont'd)

Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

Total Assets	<u>\$ 384,022,002</u>
Net Position	<u>\$ 139,233,105</u>
Total Revenue	<u>\$ 144,445,665</u>
Total Expenses	<u>\$ 113,037,156</u>
Change in Net Position	<u>\$ 31,408,509</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for the Fund are available at the Fund’s Executive Director’s Office:

New Jersey School Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 1,735	\$ 31,134	\$ 31,383	\$ 111,655
2018-2019	2,111	35,523	30,317	110,169
2017-2018	1,309	37,397	47,389	102,852

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,407	
Special Revenue Fund		\$ 3,407
	\$ 3,407	\$ 3,407

The interfund receivable in the General Fund is due to the cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursement on federal grants.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The Tax Sheltered Annuity 403 (b) & 457(b) plan administrators are as follows:

AXA Equitable Life
Vanguard

VOYA Financial

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipalities and are remitted to the local school district on predetermined mutually agreed-upon schedules.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from any additional litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 104,844	\$ -0-	\$ 104,844

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds		District Contribution	Total
	General Fund	Special Revenue Fund	Subsequent to the Measurement Date	Governmental Activities
Vendors	\$ 4,600			\$ 4,600
Due to State of New Jersey			\$ 287,016	287,016
	\$ 4,600	\$ -0-	\$ 287,016	\$ 291,616

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 18. TAX ABATEMENTS

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

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 N.J.S.A. 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.

The Borough of Chester recognized revenue in the amount of \$33,911 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2019 without the abatements would have been \$70,795 of which \$25,379 would have been for the local school tax.

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service Enterprise Fund likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0249919462%	0.0260549859%	0.0261806325%	0.0257121922%	0.0279109700%	0.0279162622%
District's proportionate share of the net pension liability	\$ 4,679,176	\$ 5,848,822	\$ 7,753,952	\$ 5,985,387	\$ 5,495,531	\$ 5,030,087
District's covered employee payroll	\$ 1,720,864	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.91%	334.05%	435.49%	322.44%	277.22%	257.83%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 188,455	\$ 236,629	\$ 247,847	\$ 259,190	\$ 296,729	\$ 278,601
Contributions in relation to the contractually required contribution	(188,455)	(236,629)	(247,847)	(259,190)	(296,729)	(278,601)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959	\$ 1,942,100
Contributions as a percentage of covered employee payroll	10.76%	13.29%	13.35%	13.07%	15.21%	14.35%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CHESTER SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0869373492%	0.0868820200%	0.0881727943%	0.0910277955%	0.0895155416%	0.0891976480%
State's proportionate share of the net pension liability attributable to the District	\$ 46,465,184	\$ 54,913,147	\$ 69,362,334	\$ 61,374,222	\$ 56,947,865	\$ 54,741,439
District's covered employee payroll	\$ 8,760,972	\$ 8,960,972	\$ 9,167,632	\$ 9,281,180	\$ 9,441,138	\$ 8,721,138
State's proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	530.37%	612.80%	756.60%	661.28%	603.19%	627.69%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 2,500,263	\$ 3,352,942	\$ 5,211,614	\$ 4,251,695	\$ 3,319,861	\$ 3,228,796
Contributions in relation to the contractually required contribution	(745,674)	(705,946)	(988,083)	(1,318,248)	(1,754,302)	(1,956,928)
Contribution deficiency/(excess)	<u>\$ 1,754,589</u>	<u>\$ 2,646,996</u>	<u>\$ 4,223,531</u>	<u>\$ 2,933,447</u>	<u>\$ 1,565,559</u>	<u>\$ 1,271,868</u>
District's covered employee payroll	\$ 8,960,972	\$ 8,960,972	\$ 9,167,632	\$ 9,441,138	\$ 8,721,138	\$ 9,450,364
Contributions as a percentage of covered employee payroll	8.32%	7.88%	10.78%	13.96%	20.12%	20.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 2,030,165	\$ 1,687,176
Interest Cost	1,428,220	1,658,553
Changes in Assumptions	(5,897,861)	(4,441,448)
Difference Between Expected and Actual Experiences		(4,337,700)
Member Contributions	38,496	35,769
Gross Benefit Payments	(1,045,453)	(1,034,924)
Net Change in Total OPEB Liability	(3,446,433)	(6,432,574)
Total OPEB Liability - Beginning	48,582,750	45,136,317
Total OPEB Liability - Ending	\$ 45,136,317	\$ 38,703,743
District's Covered Employee Payroll *	\$ 10,948,154	\$ 11,137,487
Total OPEB Liability as a Percentage of Covered Employee Payroll	412.27%	347.51%

* - Covered payroll for the fiscal year ending June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,650,521		\$ 20,650,521	\$ 20,650,521	
Tuition from Individuals	145,000		145,000	130,830	\$ (14,170)
Tuition from Other LEAs	125,000		125,000	194,711	69,711
Transportation Fees from Other LEA's				14,336	14,336
Interest Earned on Capital Reserve	6,000		6,000	38,197	32,197
Interest Earned on Maintenance Reserve	34,000		34,000	14,165	(19,835)
Interest on Investments				61,828	61,828
Rents and Royalties	35,500		35,500	74,442	38,942
Unrestricted Miscellaneous Revenues	95,000		95,000	64,690	(30,310)
Total - Local Sources	21,091,021		21,091,021	21,243,720	152,699
State Sources:					
Categorical Special Education Aid	920,640		920,640	920,640	
Categorical Security Aid	62,405		62,405	62,405	
Categorical Transportation Aid	269,121		269,121	269,121	
Extraordinary Aid				97,726	97,726
Non Public Transportation Aid				1,738	1,738
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,956,928	1,956,928
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				35,076	35,076
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				738,997	738,997
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,178	1,178
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				655,461	655,461
Total State Sources	1,252,166		1,252,166	4,739,270	3,487,104
TOTAL REVENUES	22,343,187		22,343,187	25,982,990	3,639,803

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 400,435	\$ 3,100	\$ 403,535	\$ 401,615	\$ 1,920
Grades 1-5 - Salaries of Teachers	2,923,192	8,057	2,931,249	2,855,493	75,756
Grades 6-8 - Salaries of Teachers	2,595,758	(47,100)	2,548,658	2,527,655	21,003
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	12,883	17,883	17,883	
Purchased Professional - Educational Services	4,000	(4,000)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	74,841	(883)	73,958	59,515	14,443
Other Purchased Services (400-500 Series)	350,507	(92,388)	258,119	190,640	67,479
General Supplies	457,889	8,639	466,528	418,062	48,466
Textbooks	60,000	(4,300)	55,700	24,743	30,957
Other Objects	95,367	(151)	95,216	57,199	38,017
Total Regular Programs - Instruction	6,966,989	(116,143)	6,850,846	6,552,805	298,041
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	1,160,101	(16,473)	1,143,628	1,038,194	105,434
Other Salaries for Instruction	411,797		411,797	387,687	24,110
General Supplies	13,396		13,396	11,512	1,884
Total Resource Room/Resource Center	1,585,294	(16,473)	1,568,821	1,437,393	131,428
Preschool Handicapped - Part Time:					
Salaries of Teachers	119,098		119,098	79,799	39,299
Other Salaries for Instruction	52,544		52,544	49,310	3,234
General Supplies	2,000		2,000	1,935	65
Other Objects	2,500		2,500	120	2,380
Total Preschool Handicapped - Part Time	176,142		176,142	131,164	44,978
Total Special Education Instruction	1,761,436	(16,473)	1,744,963	1,568,557	176,406

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 314,778	\$ (1,700)	\$ 313,078	\$ 292,871	\$ 20,207
General Supplies	4,051		4,051	2,931	1,120
Total Basic Skills/Remedial - Instruction	318,829	(1,700)	317,129	295,802	21,327
Bilingual Education - Instruction:					
Salaries of Teachers	177,347	1,700	179,047	177,963	1,084
Other Salaries	2,500	(1,032)	1,468	460	1,008
Purchased Professional - Educational Services	4,000	1,032	5,032	4,561	471
General Supplies	2,430		2,430	2,346	84
Total Bilingual Education - Instruction	186,277	1,700	187,977	185,330	2,647
School-Sponsored Cocurricular Activities - Instruction:					
Salaries of Teachers	111,449	24,389	135,838	135,837	1
General Supplies	25,972	(3,800)	22,172	14,764	7,408
Total School-Sponsored Cocurricular Activities - Instruction	137,421	20,589	158,010	150,601	7,409
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	88,249	8,628	96,877	90,376	6,501
Purchased Services (300-500 Series)	8,800		8,800	4,605	4,195
Supplies and Materials	14,907	(1,274)	13,633	9,493	4,140
Other Objects	2,560		2,560	840	1,720
Total School-Sponsored Cocurricular Athletics - Instruction	114,516	7,354	121,870	105,314	16,556
Total Instruction	9,485,468	(104,673)	9,380,795	8,858,409	522,386
Undistributed Expenditures:					
Instuction:					
Tuition to Private Schools for the Handicapped - Within State	245,383	(23,855)	221,528	102,793	118,735
Total Undistributed Expenditures - Instruction:	245,383	(23,855)	221,528	102,793	118,735

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 256,482	\$ (100)	\$ 256,382	\$ 249,130	\$ 7,252
Purchased Professional and Technical Services	36,925		36,925	14,650	22,275
Supplies and Materials	14,751		14,751	12,696	2,055
Other Objects	3,450		3,450	3,230	220
Total Health Services	311,608	(100)	311,508	279,706	31,802
Attendance and Social Work:					
Salaries	47,669	(4,919)	42,750	42,750	
Purchased Professional and Technical Services	7,000	(1,249)	5,751	4,800	951
Other Purchased Services (400-500 Series)	22,223	6,168	28,391	28,139	252
Total Attendance and Social Work	76,892		76,892	75,689	1,203
Speech, OT, PT and Related Services:					
Salaries	324,077	1,309	325,386	324,402	984
Purchased Professional - Educational Services	96,100	(1,309)	94,791	87,533	7,258
Supplies and Materials	3,599		3,599	2,675	924
Other Objects	615		615	614	1
Total Speech, OT, PT and Related Services	424,391		424,391	415,224	9,167
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	50,000	(50,000)			
Total Other Support Services - Students - Extraordinary Services	50,000	(50,000)			
Other Support Services - Guidance:					
Salaries of Other Professional Staff	311,170	5,091	316,261	316,261	
Salaries of Secretarial and Clerical Assistants	47,739	(128)	47,611	47,440	171
Supplies and Materials	10,111	(4,963)	5,148	4,557	591
Other Objects	3,730		3,730	1,607	2,123
Total Other Support Services - Guidance	372,750		372,750	369,865	2,885

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	\$ 450,416	\$ (6,892)	\$ 443,524	\$ 428,467	\$ 15,057
Salaries of Secretarial and Clerical Assistants	55,067		55,067	54,350	717
Other Salaries	500	410	910	825	85
Purchased Professional - Educational Services	22,200	20,590	42,790	26,486	16,304
Supplies and Materials	7,500		7,500	7,214	286
Other Objects	30,300		30,300	25,827	4,473
Total Other Support Services - Child Study Team	565,983	14,108	580,091	543,169	36,922
Educational Media Services/School Library:					
Salaries	155,060	4,327	159,387	159,382	5
Salaries of Technology Coordinators	214,027	3,404	217,431	217,431	
Other Purchased Services (400-500 Series)	3,444		3,444	3,444	
Supplies and Materials	14,412	2,161	16,573	16,224	349
Other Objects	3,900		3,900	3,726	174
Total Educational Media Services/School Library	390,843	9,892	400,735	400,207	528
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	65,904		65,904	65,903	1
Salaries of Other Professional Staff	30,000	(3,069)	26,931	19,200	7,731
Salaries of Secretarial and Clerical Assistants	31,738		31,738	30,638	1,100
Other Salaries	17,745		17,745	17,686	59
Salaries of Facilitators, Math Coaches and Literacy Coaches	163,838	3,069	166,907	166,907	
Other Purchased Services (400-500 Series)	4,300	620	4,920	4,920	
Supplies and Materials	4,500	(820)	3,680	2,150	1,530
Other Objects		200	200	150	50
Total Improvement of Instructional Services	318,025		318,025	307,554	10,471

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 65,904	\$ (65,904)	\$ 65,904	\$ 65,903	\$ 1
Salaries of Other Professional Staff	14,776	(8,000)	6,776	4,704	2,072
Salaries of Secretarial and Clerical Assistants		2,500	2,500	2,160	340
Other Salaries	17,400	(300)	17,100	10,988	6,112
Purchased Professional - Educational Services	36,600	6,900	43,500	37,406	6,094
Other Purchased Services (400-500 Series)		300	300	54	246
Supplies and Materials					
Total Instructional Staff Training Services	134,680	1,400	136,080	121,215	14,865
Support Services - General Administration:					
Salaries	253,805	11,012	264,817	254,570	10,247
Legal Services	25,000	(1,012)	23,988	19,831	4,157
Audit Fees	25,000	5,300	30,300	27,300	3,000
Other Purchased Professional Services	4,000	7,650	11,650	650	11,000
Communications/Telephone	64,200	350	64,550	54,791	9,759
Other Purchased Services (400-500 Series)	90,334	(3,300)	87,034	82,826	4,208
General Supplies	2,000		2,000	896	1,104
BOE In-house Training/Meeting Supplies	4,000		4,000	451	3,549
Total Support Services - General Administration	468,339	20,000	488,339	441,315	47,024
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	596,017	17,349	613,366	604,569	8,797
Salaries of Secretarial and Clerical Assistants	173,595	10,502	184,097	182,969	1,128
Other Purchased Services (400-500 Series)	3,500	(2,188)	1,312	507	805
Supplies and Materials	8,553	(663)	7,890	5,675	2,215
Other Objects	7,400		7,400	6,212	1,188
Total Support Services - School Administration	789,065	25,000	814,065	799,932	14,133

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 320,581	\$ (8,400)	\$ 312,181	\$ 306,783	\$ 5,398
Miscellaneous Purchased Services (400-500 Series Other Than 594)	52,700	20,900	73,600	71,008	2,592
Supplies and Materials	5,105	2,500	7,605	7,238	367
Total Central Services	378,386	15,000	393,386	385,029	8,357
Administrative Information Technology:					
Salaries	196,233	10,000	206,233	195,638	10,595
Other Purchased Services	56,050		56,050	43,414	12,636
Supplies and Materials	21,000		21,000	16,185	4,815
Other Objects	1,000		1,000		1,000
Total Administrative Information Technology	274,283	10,000	284,283	255,237	29,046
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	417,726		417,726	399,996	17,730
General Supplies	21,770		21,770	15,398	6,372
Total Required Maintenance of School Facilities	439,496		439,496	415,394	24,102
Custodial Services:					
Salaries	713,280		713,280	680,057	33,223
Salaries of Non-Instructional Aides	24,618	1,000	25,618	24,954	664
Purchased Professional and Technical Services		15,000	15,000	12,000	3,000
Cleaning, Repair and Maintenance Services	106,607	(16,000)	90,607	16,056	74,551
Insurance	108,320	(16,000)	92,320	86,434	5,886
Rental of Land & Building Other Than Lease Purchase Agreement	80,805		80,805	80,805	
General Supplies	138,412	(9,560)	128,852	103,668	25,184
Energy (Electricity)	273,250	39,638	312,888	244,304	68,584
Energy (Natural Gas)	106,200	16,000	122,200	105,873	16,327
Other Objects	50,800	(39,638)	11,162	10,196	966
Total Custodial Services	1,602,292	(9,560)	1,592,732	1,364,347	228,385

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Care and Upkeep of Grounds:					
Salaries	\$ 76,747	\$ 1,003	\$ 77,750	\$ 77,750	
Cleaning, Repair and Maintenance Services	115,471	(30,499)	84,972	38,574	\$ 46,398
Total Care and Upkeep of Grounds	192,218	(29,496)	162,722	116,324	46,398
Student Transportation Services:					
Salaries of Non-Instructional Aides	148,648	(15,000)	133,648	85,120	48,528
Salaries for Pupil Transportation (Between Home & School) - Regular	118,857		118,857	91,060	27,797
Salaries for Pupil Transportation (Between Home & School) - Special Education	40,046	15,000	55,046	50,091	4,955
Management Fee - ESC & CTSA Transportation Program	5,000	18,424	23,424	23,214	210
Cleaning, Repair and Maintenance Services	13,900		13,900	6,267	7,633
Rental Payments - School Buses	1,500		1,500		1,500
Contracted Services:					
Between Home and School - Vendors	497,790	(497,790)			
Other Between Home and School - Vendors	15,550		15,550	7,496	8,054
Regular Students - Joint Agreements	461,039	732,471	1,193,510	1,191,476	2,034
Regular Students - ESCs		1,860	1,860	1,840	20
Special Education Students- ESC & CTSA	155,500	(6,510)	148,990	61,348	87,642
Aid in Lieu Payments - Nonpublic School	61,200		61,200	31,659	29,541
Miscellaneous Purchased Services - Transportation	18,700	(1,860)	16,840		16,840
Transportation Supplies	32,500		32,500	13,745	18,755
Miscellaneous Expenditures		6,510	6,510		
Total Student Transportation Services	1,570,230	253,105	1,823,335	1,569,826	253,509

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Security:					
Purchased Professional and Technical Services	\$ 129,800		\$ 129,800	\$ 105,819	\$ 23,981
Cleaning, Repair and Maintenance Services	4,000		4,000	1,825	2,175
General Supplies	5,000		5,000		5,000
Total Security	<u>138,800</u>		<u>138,800</u>	<u>107,644</u>	<u>31,156</u>
Unallocated Benefits:					
Social Security Contributions	294,480	\$ 12,200	306,680	306,580	100
Other Retirement Contribution - PERS	299,662	(10,475)	289,187	278,601	10,586
Other Retirement Contribution - Regular		10,475	10,475	10,475	
Workmen's Compensation	119,540	4,701	124,241	124,240	1
Health Benefits	3,065,918	(196,151)	2,869,767	2,551,832	317,935
Tuition Reimbursement	46,000	305	46,305	46,305	
Other Employee Benefits	248,272	(305)	247,967	216,552	31,415
Total Unallocated Benefits	<u>4,073,872</u>	<u>(179,250)</u>	<u>3,894,622</u>	<u>3,534,585</u>	<u>360,037</u>
On-Behalf and Reimbursed Benefits:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,956,928	(1,956,928)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				35,076	(35,076)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				738,997	(738,997)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,178	(1,178)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				655,461	(655,461)
Total On-Behalf and Reimbursed Benefits				<u>3,387,640</u>	<u>(3,387,640)</u>
Total Undistributed Expenses	<u>12,817,536</u>	<u>56,244</u>	<u>12,873,780</u>	<u>14,992,695</u>	<u>(2,118,915)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>22,303,004</u>	<u>(48,429)</u>	<u>22,254,575</u>	<u>23,851,104</u>	<u>(1,596,529)</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	\$ 83,182		\$ 83,182	\$ 76,912	\$ 6,270
Grades 6-8	47,000		47,000	36,134	10,866
Custodial Services	20,000	\$ 6,360	26,360	26,360	
Care and Upkeep of Grounds		29,496	29,496	29,495	1
Administrative Information Technology	7,100	(7,100)			
Non-Instructional Services - Special Schools	17,895	3,200	21,095	21,090	5
Total Equipment	175,177	31,956	207,133	189,991	17,142
Facilities Acquisition and Construction Services:					
Construction Services	1,765,500	410,980	2,176,480	1,963,474	213,006
Architectural/Engineering Services	166,200		166,200	28,700	137,500
Assessment for Debt Service on SDA Funding	58,458		58,458	58,458	
Total Facilities Acquisition and Construction Services	1,990,158	410,980	2,401,138	2,050,632	350,506
TOTAL CAPITAL OUTLAY	2,165,335	442,936	2,608,271	2,240,623	367,648
Summer School - Instruction:					
Salaries of Teachers	146,393	18,363	164,756	153,200	11,556
Purchased Professional/Technical Services	14,850	(1,890)	12,960	12,483	477
General Supplies	4,000		4,000	1,805	2,195
Total Summer School-Instruction	165,243	16,473	181,716	167,488	14,228
TOTAL EXPENDITURES	24,633,582	410,980	25,044,562	26,259,215	(1,214,653)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,290,395)	(410,980)	(2,701,375)	(276,225)	2,425,150

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 7,492,440		\$ 7,492,440	\$ 7,492,440	
Fund Balance, June 30	\$ 5,202,045	\$ (410,980)	\$ 4,791,065	\$ 7,216,215	\$ 2,425,150

Recapitulation:

Restricted:

Excess Surplus - 2021-2022

Capital Reserve

Maintenance Reserve

Assigned:

Year-End Encumbrances

Designated for Subsequent Year's Expenditures

Designated for Subsequent Year's Expenditures July 1, 2020 – August 1, 2020

Unassigned

	\$ 200,000
	4,912,489
	1,028,127
	104,844
	351,727
	62,132
	556,896
	<u>7,216,215</u>
	<u>(119,371)</u>
	<u>\$ 7,096,844</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$	108,427	\$ 108,427	\$ 26,082	\$ (82,345)
State Sources		173,861	173,861	171,567	(2,294)
Federal Sources	\$	135,626	463,772	353,932	(109,840)
Total Revenues	328,146	417,914	746,060	551,581	(194,479)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	60,761	55,576	116,337	116,337	
Purchased Professional - Educational Services		23,062	23,062	20,768	2,294
Purchased Professional and Technical Services		4,935	4,935	4,935	
Tuition	239,838	(20,188)	219,650	135,892	83,758
General Supplies		35,597	35,597	35,597	
Textbooks		15,128	15,128	15,128	
Other Objects		233,766	233,766	125,339	108,427
Total Instruction	300,599	347,876	648,475	453,996	194,479
Support Services:					
Salaries of Other Professional Staff		8,610	8,610	8,610	
Purchased Professional and Technical Services	27,547	24,419	51,966	51,966	
Supplies and Materials		595	595	595	
Other Objects		36,414	36,414	36,414	
Total Support Services	27,547	70,038	97,585	97,585	
Total Expenditures	\$ 328,146	\$ 417,914	\$ 746,060	\$ 551,581	\$ 194,479

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,982,990	\$ 551,581
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	112,581	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(119,371)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 25,976,200	\$ 551,581
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,259,215	\$ 551,581
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,259,215	\$ 551,581

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ending June 30, 2020, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act			IDEA Part B	
	Title I	Title II	Title III	Preschool	Basic
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 86,292	\$ 595	\$ 8,626	\$ 4,223	\$ 254,196
Total Revenue	<u>86,292</u>	<u>595</u>	<u>8,626</u>	<u>4,223</u>	<u>254,196</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	76,026		8,626		31,685
Purchased Professional/Educational Services					4,935
Purchased Professional/Technical Services				4,223	135,892
Tuition	1,755				29,619
General Supplies					
Textbooks					
Other Objects					
Total Instruction	<u>77,781</u>		<u>8,626</u>	<u>4,223</u>	<u>202,131</u>
Support Services:					
Salaries of Other Professional Staff					8,610
Purchased Professional and Technical Services	8,511	595			43,455
Supplies and Materials					
Other Objects					
Total Support Services	<u>8,511</u>	<u>595</u>			<u>52,065</u>
Total Expenditures	<u>\$ 86,292</u>	<u>\$ 595</u>	<u>\$ 8,626</u>	<u>\$ 4,223</u>	<u>\$ 254,196</u>

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Technology Aid	Nonpublic Security Aid	Chapter 193 Nonpublic Handicapped Aid	Examination and Classification
REVENUE:						
Local Sources						
State Sources	\$ 15,128	\$ 27,839	\$ 10,332	\$ 97,500	\$ 8,203	\$ 7,061
Federal Sources						
Total Revenue	15,128	27,839	10,332	97,500	8,203	7,061
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional/Educational Services					8,203	7,061
Purchased Professional/Technical Services						
Tuition						
General Supplies	15,128					
Textbooks		27,839				
Other Objects				97,500		
Total Instruction	15,128	27,839		97,500	8,203	7,061
Support Services:						
Salaries of Other Professional Staff						
Purchased Professional and Technical Services						
Supplies and Materials						
Other Objects			10,332			
Total Support Services			10,332			
Total Expenditures	\$ 15,128	\$ 27,839	\$ 10,332	\$ 97,500	\$ 8,203	\$ 7,061

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Chapter 193 Nonpublic Handicapped Aid Supplemental Instruction	Local Grants	Totals
REVENUE:			
Local Sources		\$ 26,082	\$ 26,082
State Sources	\$ 5,504		171,567
Federal Sources			353,932
Total Revenue	<u>5,504</u>	<u>26,082</u>	<u>551,581</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			116,337
Purchased Professional/Educational Services	5,504		20,768
Purchased Professional/Technical Services			4,935
Tuition			135,892
General Supplies			35,597
Textbooks			15,128
Other Objects			125,339
Total Instruction	<u>5,504</u>		<u>453,996</u>
Support Services:			
Salaries of Other Professional Staff			8,610
Purchased Professional and Technical Services			51,966
Supplies and Materials			595
Other Objects		26,082	36,414
Total Support Services		<u>26,082</u>	<u>97,585</u>
Total Expenditures	<u>\$ 5,504</u>	<u>\$ 26,082</u>	<u>\$ 551,581</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 137,678
Intergovernmental Accounts Receivable:	
State	100
Federal	6,309
Inventories	11,377
Total Current Assets	<u>155,464</u>
Non-Current Assets:	
Capital Assets	212,449
Less: Accumulated depreciation	<u>(112,073)</u>
Total Non-Current Assets	<u>100,376</u>
Total Assets	<u>255,840</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	25,787
Unearned Revenue - Donated Commodities	<u>2,783</u>
Total Current Liabilities	<u>28,570</u>
NET POSITION:	
Investment in Capital Assets	100,376
Unrestricted	<u>126,894</u>
Total Net Position	<u><u>\$ 227,270</u></u>

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 174,837
Daily Sales - Non Reimbursable Programs	68,633
Special Events	9,080
Other Miscellaneous Revenue	76
	<hr/>
Total Operating Revenue	252,626
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	95,188
Cost of Sales - Non-Reimbursable Programs	37,367
Salaries, Benefits & Payroll Taxes	127,685
Management Fee	17,110
Supplies and Materials	10,959
Miscellaneous Expenditures	8,224
Depreciation	13,158
	<hr/>
Total Operating Expenses	309,691
	<hr/>
Operating Loss	(57,065)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,185
Seamless Summer Option	183
Federal Sources:	
National School Lunch Program	32,296
Seamless Summer Option	11,561
Food Distribution Program	12,674
Local Sources:	
Interest Revenue	2,183
	<hr/>
Total Non-Operating Revenue	61,082
	<hr/>
Change in Net Position Before Other Items	4,017
	<hr/>
Net Position - Beginning of Year	223,253
	<hr/>
Net Position - End of Year	\$ 227,270
	<hr/> <hr/>

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows for Operating Activities:	
Receipts from Customers	\$ 267,083
Payments for Salaries, Payroll Taxes and Benefits	(295,723)
Payments to Suppliers	(3,749)
	<hr/>
Net Cash Used for Operating Activities	(32,389)
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,854
Seamless Summer Option	83
Federal Sources:	
National School Lunch Program	42,229
Seamless Summer Option	5,252
	<hr/>
Net Cash Provided by Noncapital Financing Activities	50,418
Cash Flows from Investing Activities:	
Interest on Investments	2,183
	<hr/>
Net Cash Provided by Investing Activities	2,183
	<hr/>
Net Increase in Cash and Cash Equivalents	20,212
Cash and Cash Equivalents, July 1	117,466
	<hr/>
Cash and Cash Equivalents, June 30	\$ 137,678
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (57,065)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	13,158
Food Distribution Program	12,674
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(6,514)
Increase/(Decrease) in Accounts Payable	(10,669)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	14,457
Increase/(Decrease) in Unearned Revenue - Donated Commodities	1,570
	<hr/>
Net Cash Used for Operating Activities	\$ (32,389)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,244 and utilized commodities valued at \$12,674 for the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

CHESTER SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>	<u>Student Activity</u>	<u>Total Agency Funds</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 26,320	\$ 67,933	\$ 94,253	\$ 8,274	\$ 111,655
Total Assets	<u>26,320</u>	<u>67,933</u>	<u>94,253</u>	<u>8,274</u>	<u>111,655</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings	26,320		26,320		
Due to Student Groups		63,365	63,365		
Technology Store		4,568	4,568		
Total Liabilities	<u>26,320</u>	<u>67,933</u>	<u>94,253</u>		
<u>NET POSITION:</u>					
Held in Trust for Flexible Spending Claims				8,274	111,655
Held in Trust for Unemployment Claims					
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,274</u>	<u>\$ 111,655</u>

CHESTER SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 23,240	\$ 31,134
Total Contributions	<u>23,240</u>	<u>31,134</u>
Investment Earnings:		
Interest		<u>1,735</u>
Total Additions	<u>23,240</u>	<u>32,869</u>
DEDUCTIONS:		
Flexible Spending Claims	22,413	
Quarterly Contribution Reports/Unemployment Claims		<u>31,383</u>
Total Deductions	<u>22,413</u>	<u>31,383</u>
Change in Net Position	827	1,486
Net Position - Beginning of the Year	<u>7,447</u>	<u>110,169</u>
Net Position - End of the Year	<u>\$ 8,274</u>	<u>\$ 111,655</u>

CHESTER SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 49,148	\$ 142,227	\$ 123,442	\$ 67,933
Total Assets	<u>\$ 49,148</u>	<u>\$ 142,227</u>	<u>\$ 123,442</u>	<u>\$ 67,933</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 42,976	\$ 130,270	\$ 109,881	\$ 63,365
Technology Store	<u>6,172</u>	<u>11,957</u>	<u>13,561</u>	<u>4,568</u>
Total Liabilities	<u>\$ 49,148</u>	<u>\$ 142,227</u>	<u>\$ 123,442</u>	<u>\$ 67,933</u>

CHESTER SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Bragg Elementary School	\$ 14,063	\$ 6,264	\$ 1,601	\$ 18,726
Dickerson Elementary School	4,854	5,185	4,746	5,293
Black River Middle School	24,059	111,565	96,278	39,346
Student Athletic Account		7,256	7,256	
Technology Store	<u>6,172</u>	<u>11,957</u>	<u>13,561</u>	<u>4,568</u>
Total All Schools	<u>\$ 49,148</u>	<u>\$ 142,227</u>	<u>\$ 123,442</u>	<u>\$ 67,933</u>

CHESTER SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,378	\$ 14,339,782	\$ 14,315,840	\$ 26,320
Total Assets	<u>\$ 2,378</u>	<u>\$ 14,339,782</u>	<u>\$ 14,315,840</u>	<u>\$ 26,320</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Payroll Deductions and Withholdings	\$ 2,378	\$ 14,339,782	\$ 14,315,840	\$ 26,320
Total Liabilities	<u>\$ 2,378</u>	<u>\$ 14,339,782</u>	<u>\$ 14,315,840</u>	<u>\$ 26,320</u>

LONG-TERM DEBT

CHESTER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2019	Matured	Balance June 30, 2020
			Date	Amount				
Refunding Bonds Series 2012	12/12/12	\$ 8,505,000	03/01/21	\$ 25,000	4.00%			
			03/01/22	25,000	4.00%			
			03/01/23	35,000	2.50%			
			03/01/24	35,000	2.50%			
			03/01/25	35,000	2.50%			
			03/01/26	35,000	2.50%			
			03/01/27	40,000	2.50%			
			03/01/28	40,000	2.50%			
			03/01/29	40,000	2.50%			
			03/01/30	40,000	2.50%			
			03/01/31	1,070,000	3.00%			
			03/01/32	1,115,000	3.00%			
			03/01/33	1,160,000	3.00%			
			03/01/34	1,205,000	3.00%			
			03/01/35	1,255,000	3.00%	\$ 6,815,000	\$ 660,000	\$ 6,155,000
Refunding Bonds Series 2013	01/15/13	8,250,000	03/01/21	695,000	3.00%			
			03/01/22	720,000	3.00%			
			03/01/23	700,000	3.00%			
			03/01/24	735,000	2.20%			
			03/01/25	750,000	2.25%			
			03/01/26	785,000	2.30%			
			03/01/27	805,000	4.00%			
			03/01/28	845,000	4.00%			
			03/01/29	895,000	4.00%			
			03/01/30	940,000	4.00%	7,915,000	45,000	7,870,000
					\$ 14,730,000	\$ 705,000	\$ 14,025,000	

CHESTER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Amount of Original Issue	Interest Rate	Balance July 1, 2019	Matured or Retired	Balance June 30, 2020
Technology Equipment	\$ 138,120	3.40%	\$ 100,000	\$ 33,432	\$ 66,568
			<u>\$ 100,000</u>	<u>\$ 33,432</u>	<u>\$ 66,568</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,079,444		\$ 1,079,444	\$ 1,079,444	
Total Revenues	<u>1,079,444</u>		<u>1,079,444</u>	<u>1,079,444</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	458,750		458,750	458,750	
Redemption of Principal	705,000		705,000	705,000	
Total Regular Debt Service	<u>1,163,750</u>		<u>1,163,750</u>	<u>1,163,750</u>	
Total Expenditures	<u>1,163,750</u>		<u>1,163,750</u>	<u>1,163,750</u>	
Excess/(Deficit) of Revenues Under Expenditures	<u>(84,306)</u>		<u>(84,306)</u>	<u>(84,306)</u>	
Fund Balance, July 1	<u>84,306</u>		<u>84,306</u>	<u>84,306</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2020</u>					
Restricted - For Subsequent Year's Expenditures				<u>\$ -0-</u>	

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CHESTER SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
UNAUDITED
 (Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 19,343,840	\$ 20,344,483	\$ 21,364,128	\$ 7,982,014	\$ 7,783,923	\$ 7,999,576	\$ 7,905,060	\$ 7,895,446	\$ 7,920,272	\$ 8,788,237
Restricted	2,438,890	3,863,164	4,466,429	4,377,042	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,140,616
Unrestricted/(Deficit)	(204,891)	(328,970)	(264,363)	(4,834,671)	(5,166,004)	(5,309,416)	(5,541,719)	(6,057,016)	(6,281,608)	(6,212,800)
Total Governmental Activities Net Position	\$ 21,577,839	\$ 23,878,677	\$ 25,566,194	\$ 7,524,385	\$ 7,374,385	\$ 7,602,623	\$ 7,737,686	\$ 7,808,508	\$ 8,271,679	\$ 8,716,053
Business-type Activities										
Investment in Capital Assets	\$ 33,893	\$ 33,289	\$ 29,567	\$ 45,741	\$ 90,199	\$ 82,273	\$ 74,348	\$ 64,496	\$ 113,534	\$ 100,376
Unrestricted/(Deficit)	109,443	116,798	119,674	94,772	50,502	30,342	57,097	67,933	109,719	126,894
Total Business-type Activities Net Position	\$ 143,336	\$ 150,087	\$ 149,241	\$ 140,513	\$ 140,701	\$ 112,615	\$ 131,445	\$ 132,429	\$ 223,253	\$ 227,270
District-wide										
Net Investment in Capital Assets	\$ 19,377,733	\$ 20,377,772	\$ 21,393,695	\$ 8,027,755	\$ 7,874,122	\$ 8,081,849	\$ 7,979,408	\$ 7,959,942	\$ 8,033,806	\$ 8,888,613
Restricted	2,438,890	3,863,164	4,466,429	4,377,042	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,140,616
Unrestricted/(Deficit)	(95,448)	(212,172)	(144,689)	(4,739,899)	(5,115,502)	(5,279,074)	(5,484,622)	(5,989,083)	(6,171,889)	(6,085,906)
Total District Net Position	\$ 21,721,175	\$ 24,028,764	\$ 25,715,435	\$ 7,664,898	\$ 7,515,086	\$ 7,715,238	\$ 7,869,131	\$ 7,940,937	\$ 8,494,932	\$ 8,943,323

Source: School District Financial Reports

CHESTER SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 8,491,652	\$ 8,352,131	\$ 8,680,122	\$ 8,537,297	\$ 8,989,618	\$ 11,316,725	\$ 11,991,624	\$ 12,538,545	\$ 11,386,540	\$ 12,106,994
Special Education	2,580,749	2,640,462	2,651,607	2,716,955	2,976,810	3,393,470	3,627,504	3,296,471	2,983,271	2,884,746
Other Special Instruction						730,605	850,718	896,097	845,809	848,462
School Sponsored/Other Instruction	641,399	625,453	806,297	834,520	770,279	286,964	370,978	378,686	401,419	332,867
Support Services:										
Tuition	589,971	618,490	754,466	693,460	637,553	344,859	60,529	337,773	433,465	238,685
Student & Instruction Related Services	2,441,415	2,614,079	3,214,270	2,920,482	3,010,285	3,115,027	3,812,056	4,030,807	3,991,501	4,251,387
General Administrative Services	1,294,430	1,312,986	1,242,245	1,192,768	2,759,321	2,154,010	2,259,217	2,324,396	2,375,294	570,338
School Administrative Services	1,154,537	1,126,031	1,164,829	1,189,595	1,248,910	1,415,790	1,554,085	1,562,318	1,380,199	1,437,616
Central Services						395,896	483,831	544,061	504,977	607,902
Administrative Information Technology						25,321	296,971	268,681	277,519	288,356
Plant Operations and Maintenance	2,035,433	1,991,461	2,107,079	2,170,778	2,188,130	2,294,703	2,449,131	3,104,037	2,429,767	2,477,509
Pupil Transportation	1,404,699	1,466,222	1,498,652	1,627,122	1,610,197	1,633,905	1,615,429	1,493,733	1,478,708	1,833,796
Special Schools	171,127	150,368	166,906	165,877	176,348	216,346	255,069	235,923	218,334	287,011
Charter Schools			81,699	98,108						
Interest on Long-term Debt	891,533	864,475	529,706	657,041	625,852	599,025	564,772	532,955	518,138	488,388
Capital Outlay - Debt Service Assessment	73,244	42,595	58,458	58,458	58,458			58,458	58,458	58,458
Total Governmental Activities Expenses	21,770,189	21,804,753	22,956,336	22,862,461	25,051,761	27,922,647	30,191,915	31,602,942	29,283,399	28,712,515
Business-type Activities:										
Food Service	368,426	391,800	347,864	367,622	338,190	362,725	288,438	342,016	368,939	309,691
Total Business-type Activities Expense	368,426	391,800	347,864	367,622	338,190	362,725	288,438	342,016	368,939	309,691
Total District Expenses	\$ 22,138,615	\$ 22,196,553	\$ 23,304,200	\$ 23,230,083	\$ 25,389,951	\$ 28,285,372	\$ 30,480,353	\$ 31,944,958	\$ 29,652,338	\$ 29,022,206
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 129,450	\$ 213,034	\$ 182,109	\$ 182,115	\$ 249,521	\$ 252,149	\$ 252,555	\$ 297,046	\$ 209,013	\$ 325,541
Operating Grants and Contributions	3,759,445	3,997,063	4,165,038	3,973,197	4,468,720	6,475,375	8,442,050	9,477,047	7,713,290	6,771,384
Capital Grants and Contributions							(62,301)			
Total Governmental Activities Program Revenues	3,888,895	4,210,097	4,347,147	4,155,312	4,718,241	6,727,524	8,632,304	9,774,093	7,922,303	7,096,925

CHESTER SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities:										
Charges for Services:										
Food Service	\$ 332,641	\$ 330,545	\$ 284,703	\$ 297,817	\$ 283,534	\$ 239,962	\$ 253,765	\$ 276,241	\$ 329,590	\$ 252,626
Operating Grants and Contributions	70,163	66,302	60,611	59,373	62,557	71,783	53,271	67,777	65,474	58,899
Total Business-type Activities Program Revenues	402,804	396,847	345,314	357,190	346,091	311,745	307,036	344,018	395,064	311,525
Total District Program Revenues	\$ 4,291,699	\$ 4,606,944	\$ 4,692,461	\$ 4,512,502	\$ 5,064,332	\$ 7,039,269	\$ 8,939,340	\$ 10,118,111	\$ 8,317,367	\$ 7,408,450
Net (Expense)/Revenue	\$ (17,881,294)	\$ (17,594,656)	\$ (18,609,189)	\$ (18,707,149)	\$ (20,333,520)	\$ (21,195,123)	\$ (21,559,611)	\$ (21,828,849)	\$ (21,361,096)	\$ (21,615,590)
Governmental Activities	34,378	5,047	(2,550)	(10,432)	7,901	(50,980)	18,598	2,002	26,125	1,834
Business-Type Activities	\$ (17,846,916)	\$ (17,589,609)	\$ (18,611,739)	\$ (18,717,581)	\$ (20,325,619)	\$ (21,246,103)	\$ (21,541,013)	\$ (21,826,847)	\$ (21,334,971)	\$ (21,613,756)
Total District-Wide Net Expense										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 19,316,311	\$ 19,631,047	\$ 20,005,077	\$ 19,966,388	\$ 20,426,941	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965
Unrestricted Grants and Contributions	11,861	100,018	61,202	71,424	31,250	94,947	105,452	117,079	77,291	62,341
Rents and Royalties				38,953	39,795					
Investment Earnings	33,893	55,281	23,522	15,447		17,148	27,938	97,337	172,519	114,190
Cancellation of Prior Year Accounts Payable					15,969					
Miscellaneous Income	106,224	109,148	206,905	91,350	66,383	112,098	75,899	89,263	97,142	153,468
Other Item								(88,597)	(62,195)	
Total Governmental Activities	19,468,289	19,895,494	20,296,706	20,183,562	20,580,338	21,423,361	21,694,674	21,899,671	21,824,266	22,059,964
Business-type Activities:										
Interest Income		1,704	1,704	1,704	263	147	232	1,022	2,504	2,183
Prior Year Adjustments								(2,040)		
Other Item - FSMC Contribution										
Total Business-Type Activities	\$ 19,468,289	\$ 19,897,198	\$ 20,298,410	\$ 20,185,266	\$ 20,580,601	\$ 21,446,255	\$ 21,694,906	\$ 21,898,653	\$ 21,888,965	\$ 22,062,147
Total District-Wide										
Change in Net Position	\$ 1,586,995	\$ 2,300,838	\$ 1,687,517	\$ 1,476,413	\$ 246,818	\$ 228,238	\$ 135,063	\$ 70,822	\$ 463,171	\$ 444,374
Governmental Activities	34,378	6,751	(846)	(8,728)	8,164	(28,086)	18,830	984	90,824	4,017
Business-type Activities	\$ 1,621,373	\$ 2,307,589	\$ 1,686,671	\$ 1,467,685	\$ 254,982	\$ 200,152	\$ 153,893	\$ 71,806	\$ 553,995	\$ 448,391
Total District										

CHESTER SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 1,845,574	\$ 3,422,555	\$ 3,691,614	\$ 3,949,533	\$ 4,538,465	\$ 4,822,825	\$ 5,308,283	\$ 5,885,772	\$ 6,548,709	\$ 6,140,616
Assigned	666,480	514,596	239,017	191,346	151,823	618,549	907,269	538,903	420,395	518,703
Unassigned			512,767	543,680	494,038	354,374	402,816	506,523	410,755	437,525
Total General Fund	\$ 2,512,054	\$ 3,937,151	\$ 4,443,398	\$ 4,684,559	\$ 5,184,326	\$ 5,795,748	\$ 6,618,368	\$ 6,931,198	\$ 7,379,859	\$ 7,096,844
All Other Governmental Funds										
Restricted	\$ 593,316	\$ 440,609	\$ 535,798	\$ 236,163	\$ 218,001	\$ 89,638	\$ 89,617	\$ 84,306	\$ 84,306	
Committed						128,363	66,062			
Unreserved										
Total All Other Governmental Funds	\$ 593,316	\$ 440,609	\$ 535,798	\$ 236,163	\$ 218,001	\$ 218,001	\$ 155,679	\$ 84,306	\$ 84,306	\$ -0-
Total Governmental Funds	\$ 3,105,370	\$ 4,377,760	\$ 4,979,196	\$ 4,920,722	\$ 5,402,327	\$ 6,013,749	\$ 6,774,047	\$ 7,015,504	\$ 7,464,165	\$ 7,096,844

CHESTER SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 20,207,844	\$ 20,495,522	\$ 20,492,897	\$ 20,581,542	\$ 21,010,908	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965
Tuition Charges	129,450	213,034	182,109	182,115	249,521	252,149	252,555	297,046	209,013	325,541
Interest Earnings	33,893	55,281	23,522	15,447	15,969	10,796	16,524	52,311	85,691	114,190
Rents and Royalties				38,953	39,795	46,404	20,695	34,759	10,000	74,442
State Sources	2,363,774	2,705,323	3,265,796	3,021,827	3,249,882	3,459,469	3,736,204	4,276,900	4,728,544	4,904,047
Federal Sources	433,251	478,912	350,515	332,698	391,307	400,297	510,345	411,514	425,619	353,932
Miscellaneous	188,972	157,519	329,014	166,292	104,463	139,658	113,663	133,261	254,132	105,108
Total Revenue	23,357,184	24,105,591	24,643,853	24,338,874	25,061,845	25,507,941	26,135,371	26,890,380	27,252,508	27,607,225
Expenditures										
Instruction										
Regular Instruction	6,233,263	5,945,038	6,173,561	6,156,808	6,359,300	6,872,883	6,578,254	6,774,570	6,616,149	6,800,447
Special Education Instruction	1,959,198	1,957,584	1,855,185	1,951,554	2,123,169	2,088,697	2,103,264	1,704,052	1,680,651	1,639,019
Other Special Instruction						422,533	448,435	459,506	468,453	481,132
School-Sponsored/Other Instruction	487,631	617,897	558,291	611,446	536,572	177,680	207,374	205,757	236,634	255,915
Support Services:										
Tuition	589,971	618,490	754,466	693,460	637,553	344,859	60,529	337,773	433,465	238,685
Student & Other Instruction Related Services	1,920,413	1,997,889	2,488,897	2,258,631	2,269,972	2,178,161	2,498,671	2,572,924	2,686,071	2,610,214
General Administrative Services	912,222	897,544	837,211	813,754	868,403	400,731	455,024	448,817	451,503	441,315
School Administrative Services	797,275	767,802	767,100	799,853	829,036	832,043	830,228	806,015	778,137	799,932
Central Services						271,168	301,627	357,567	353,864	385,029
Administrative Information Technology	1,753,749	1,690,179	1,761,785	1,870,389	1,829,747	1,62,736	307,128	222,828	226,642	255,237
Plant Operations and Maintenance	1,319,740	1,364,453	1,369,596	1,493,827	1,488,563	1,832,457	1,907,861	2,133,275	2,089,367	2,003,709
Student Transportation	4,489,815	4,821,402	5,393,778	5,040,703	5,362,900	5,613,243	5,849,271	6,294,634	6,731,635	6,922,225
Employee Benefits	447,659	744,430	699,698	1,042,372	986,425	673,654	866,812	1,439,464	1,588,817	2,240,623
Capital Outlay	149,292	126,943	139,860	141,030	143,543	147,503	162,628	143,416	148,687	167,488
Special Schools										
Charter Schools										
Debt Service			81,699	98,108						
Principal	645,000	670,000	880,000	800,000	825,000	855,000	870,000	900,000	675,000	705,000
Interest and Other Charges	900,275	873,550	2,444,665	625,413	594,537	562,963	532,150	500,500	479,000	458,750
Total Expenditures	22,605,483	23,093,201	26,205,792	24,397,348	24,854,720	24,896,519	25,375,073	26,560,326	26,941,967	27,974,546
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	751,701	1,012,390	(1,561,939)	(58,474)	207,125	611,422	760,298	330,054	310,541	(367,321)

CHESTER SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenditures										
Other Financing Sources/(Uses)										
Payment to Refunded Bond Escrow Account			\$ (15,665,000)							
Refunded Bonds Issued			16,755,000							
Premium Issued			793,375							
Excess Escrow				\$	20					
Capital Leases (Non-Budgeted)		\$ 260,000	280,000		274,460			\$ (88,597)	\$ 138,120	
Prior Year Federal Receivables Cancelled								(88,597)	138,120	
Total Other Financing Sources/(Uses)		260,000	2,163,375		274,480					
Net Change in Fund Balances	\$ 751,701	\$ 1,272,390	\$ 601,436	\$ (58,474)	\$ 481,605	\$ 611,422	\$ 760,298	\$ 241,457	\$ 448,661	\$ (367,321)
Debt Service as a Percentage of Noncapital Expenditures	6.97%	6.91%	13.03%	6.07%	5.94%	5.83%	5.72%	5.58%	4.55%	4.52%

CHESTER SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 33,893	\$ 129,450		\$ 188,972	\$ 352,315
2012	55,281	213,034		109,148	377,463
2013	23,522	182,109	\$ 21,359	166,763	393,753
2014	15,447	182,115		130,303	327,865
2015	15,969	249,521		106,158	371,648
2016	17,148	252,149		112,098	381,395
2017	27,938	252,555		75,899	356,392
2018	97,337	297,046		89,263	483,646
2019	172,519	209,013		97,142	478,674
2020	114,190	325,541	14,336	139,132	593,199

Source: School District records

CHESTER SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN YEARS
 UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Chester Borough</u>												
2010	\$ 4,875,000	\$ 213,961,800	\$ 1,224,600		\$ 165,600,100	\$ -	\$ 1,914,100	\$ 387,575,600	\$ 1,705,656	\$ 389,281,256 *	1.28	\$ 468,704,509
2011	4,445,100	213,716,600	1,220,800		158,600,100	-	1,840,800	379,823,400	8,165	379,831,565	1.30	440,171,759
2012	3,863,100	215,325,700	1,229,400		155,431,300	-	1,837,700	377,687,200		377,687,200	1.32	415,040,879
2013	3,569,700	207,567,300	1,215,900		155,137,100	-	1,795,300	369,085,300		369,085,300	1.36	400,613,589
2014	3,114,800	214,814,100	1,235,900		156,563,800	-	1,849,100	377,577,700		377,577,700	1.34	463,171,860
2015	3,114,800	219,171,300	1,050,100	\$ 56,000	153,604,100	-	1,886,300	378,882,600		378,882,600	1.48	420,032,831
2016	3,240,300	227,449,100	1,103,100	56,600	164,299,800	-	-	396,148,900		396,148,900	1.44	398,981,670
2017	3,165,300	227,107,400	1,098,300	56,600	168,664,100	-	-	400,091,700		400,091,700	1.39	401,322,238
2018	3,880,300	229,846,900	976,500	56,600	166,399,800	-	-	401,160,100		401,160,100	1.44	390,482,174
2019	3,346,800	227,975,900	977,000	56,600	164,343,300	-	1,656,800	398,356,400		398,356,400	1.45	386,693,610
<u>Chester Township</u>												
2010	19,506,100	1,676,536,800	91,975,600		49,247,800	3,908,600	835,200	1,842,010,100	2,190,835	1,844,200,935 *	1.39	2,159,919,381
2011	18,576,400	1,670,362,000	92,916,400		49,731,900	3,908,600	835,200	1,836,330,500	2,179,636	1,838,510,136	1.43	2,063,339,316
2012	16,979,400	1,668,358,200	90,299,700		49,761,800	3,908,600	835,200	1,830,142,900	2,310,658	1,832,453,558	1.45	1,998,190,741
2013	14,619,500	1,664,309,100	89,611,100		48,990,700	2,469,700	835,200	1,820,835,300	442,529	1,821,277,829	1.48	1,914,451,003
2014	13,704,800	1,663,455,100	89,890,700	1,241,000	48,804,500	2,469,700	835,200	1,819,160,000	372,270	1,819,532,270	1.51	1,872,128,624
2015	13,628,900	1,664,376,400	87,702,100	1,241,000	47,568,100	2,543,100	835,200	1,817,894,800	373,557	1,818,268,357	1.51	1,873,066,565
2016	12,701,600	1,669,012,400	87,901,300	1,302,000	47,594,500	2,543,100	835,200	1,821,890,100	351,836	1,822,241,936	1.53	1,890,867,453
2017	12,608,600	1,676,159,700	88,503,500	1,301,700	47,379,800	2,543,100	835,200	1,829,331,600	358,200	1,829,689,800	1.54	1,900,814,522
2018	12,175,700	1,679,019,100	83,877,300	1,298,100	47,009,900	2,543,100	835,200	1,826,758,400	375,919	1,827,134,319	1.54	1,906,637,867
2019	11,492,800	1,677,775,800	85,274,600	1,309,700	47,632,600	2,543,100	835,200	1,826,863,800	400,440	1,827,264,240	1.56	1,917,551,952

* Reassessment effective in this year

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 of Assessed Valuation

Source: Municipal Tax Assessor

CHESTER SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Tax Rate	Municipality	Morris County	
<u>Chester Borough</u>						
2010	* \$ 1.210	\$ 0.069	\$ 1.279	\$ 0.841	\$ 0.241	\$ 2.361
2011	1.225	0.070	1.295	0.837	0.274	2.406
2012	1.168	0.150	1.318	0.862	0.271	2.451
2013	1.294	0.065	1.359	0.903	0.276	2.538
2014	1.274	0.065	1.339	0.898	0.264	2.501
2015	1.408	0.067	1.475	0.906	0.278	2.659
2016	1.335	0.100	1.435	0.924	0.252	2.611
2017	1.303	0.090	1.393	0.933	0.261	2.587
2018	1.366	0.077	1.443	0.929	0.253	2.625
2019	1.375	0.072	1.447	0.952	0.254	2.653
<u>Chester Township</u>						
2010	* 1.322	0.069	1.391	0.468	0.264	2.123
2011	1.356	0.070	1.426	0.489	0.266	2.181
2012	1.296	0.150	1.446	0.508	0.269	2.223
2013	1.414	0.065	1.479	0.521	0.266	2.266
2014	1.443	0.065	1.508	0.520	0.267	2.295
2015	1.443	0.067	1.510	0.522	0.259	2.290
2016	1.425	0.107	1.532	0.522	0.266	2.320
2017	1.439	0.099	1.538	0.524	0.270	2.332
2018	1.457	0.083	1.540	0.529	0.271	2.340
2019	1.481	0.077	1.558	0.529	0.254	2.341

* Reassessment effective in this year

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

Source: Municipal Tax Collector and School Business Administrator

CHESTER SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019			2010			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
<u>Chester Borough</u>							
DPF Chester LLC	\$ 39,000,000	1	9.79%	Chester Springs, LLC	\$ 34,533,100	1	8.87%
CPP Streets of Chester, LLC	15,000,000	2	3.77%	Continental Chester, LLC	26,000,000	2	6.68%
Savro/Chester Shopping Mall	6,940,000	3	1.74%	NS-MPG, Inc.	8,900,000	3	2.29%
M&M Chester LLC	3,664,300	4	0.92%	Savro/Chester Shopping Mall	8,296,000	4	2.13%
Williamson Associates	3,900,000	5	0.98%	Williamson Associates	4,413,400	5	1.13%
95 West Main Associates	3,104,000	6	0.78%	95 West Main Associates	3,698,500	6	0.95%
MGHC Group, LLC	1,789,300	7	0.45%	Individual Taxpayer #1	3,354,800	7	0.86%
De Sapio Real Estate Develop.	2,230,000	8	0.56%	Individual Taxpayer #2	2,713,300	8	0.70%
Publick House Holdings, LLC.	2,225,000	8	0.56%	Turkey Farm Acquisition	2,587,400	9	0.66%
Chester Franklin Associates	2,200,000	10	0.55%	Group 206 North Associates	2,434,100	10	0.63%
Total	\$ 80,052,600		20.10%		\$ 96,930,600		24.88%
<u>Chester Township</u>							
Welkind Rehabilitation Hospital, Inc.	\$ 6,476,600	1	0.35%	Welkind Rehabilitation Hospital, Inc.	\$ 6,170,200	1	0.33%
Individual Taxpayer #1	3,734,400	2	0.20%	Individual Taxpayer #1	5,040,000	2	0.27%
Individual Taxpayer #2	3,602,200	3	0.20%	Individual Taxpayer #2	4,324,000	3	0.23%
Individual Taxpayer #3	3,140,800	4	0.17%	Individual Taxpayer #3	4,000,600	4	0.22%
Individual Taxpayer #4	3,095,800	5	0.17%	Individual Taxpayer #4	3,383,800	5	0.18%
Individual Taxpayer #5	3,008,300	6	0.16%	Individual Taxpayer #5	3,300,000	6	0.18%
Individual Taxpayer #6	2,968,600	7	0.16%	Individual Taxpayer #6	3,186,700	7	0.17%
Inganamort Gladstone Realty Holding	2,833,500	8	0.16%	Individual Taxpayer #7	3,111,300	8	0.17%
Individual Taxpayer #7	2,733,000	9	0.15%	Individual Taxpayer #8	2,980,400	9	0.16%
Pottersville Road Holding LLC	2,715,400	10	0.15%	Individual Taxpayer #9	2,961,200	10	0.16%
Total	\$ 34,308,600		1.88%		\$ 38,458,200		2.09%

Note: Individual taxpayers may be different in 2010 and 2019

Source: Municipal Tax Assessors

CHESTER SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2011	\$ 20,207,844	\$ 20,207,844	100.00%	- 0 -
2012	20,495,522	20,495,522	100.00%	- 0 -
2013	20,492,897	20,492,897	100.00%	- 0 -
2014	20,581,542	20,581,542	100.00%	- 0 -
2015	21,010,908	21,010,908	100.00%	- 0 -
2016	21,199,168	21,199,168	100.00%	- 0 -
2017	21,485,385	21,485,385	100.00%	- 0 -
2018	21,684,589	21,684,589	100.00%	- 0 -
2019	21,539,509	21,539,509	100.00%	- 0 -
2020	21,729,965	21,729,965	100.00%	- 0 -

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

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

CHESTER SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income ^a	Debt Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases			
2011	\$ 20,115,000	-0-	\$ 59,830	-0-	-0-	\$ 20,174,830	2.87%	\$ 2,115
2012	19,445,000	-0-	130,000	-0-	-0-	19,575,000	2.68%	2,049
2013	19,655,000	-0-	275,000	-0-	-0-	19,930,000	2.62%	2,086
2014	18,855,000	-0-	140,000	-0-	-0-	18,995,000	2.47%	1,993
2015	18,030,000	-0-	274,743	-0-	-0-	18,304,743	2.30%	1,922
2016	17,175,000	-0-	137,327	-0-	-0-	17,312,327	2.08%	1,824
2017	16,305,000	-0-	69,084	-0-	-0-	16,374,084	1.92%	1,730
2018	15,405,000	-0-	-0-	-0-	-0-	15,405,000	1.65%	1,634
2019	14,730,000	-0-	100,000	-0-	-0-	14,830,000	1.61%	1,596
2020	14,025,000	-0-	66,568	-0-	-0-	14,091,568	1.53%	1,516

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

CHESTER SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 20,115,000	-0-	\$ 20,115,000	0.90%	\$ 2,116
2012	19,445,000	-0-	19,445,000	0.88%	2,038
2013	19,655,000	-0-	19,655,000	0.89%	2,057
2014	18,855,000	-0-	18,855,000	0.86%	1,973
2015	18,030,000	-0-	18,030,000	0.82%	1,892
2016	17,175,000	-0-	17,175,000	0.78%	1,804
2017	16,305,000	-0-	16,305,000	0.73%	1,718
2018	15,405,000	-0-	15,405,000	0.69%	1,634
2019	14,730,000	-0-	14,730,000	0.66%	1,585
2020	14,025,000	-0-	14,025,000	0.63%	1,509

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

CHESTER SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Borough of Chester	\$ 4,138,300	100.00%	\$ 4,138,300
Township of Chester	14,608,842	100.00%	14,608,842
West Morris Regional High School	9,855,000	27.05%	2,666,168
Morris County General Obligation Debt (Borough Share)	216,220,008	0.44%	959,579
Morris County General Obligation Debt (Township Share)	216,220,008	2.20%	4,758,401
Subtotal, Overlapping Debt			27,131,291
Chester Board of Education Direct Debt			14,730,000
Total Direct and Overlapping Debt			<u>\$ 41,861,291</u>

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 Chester Borough and Chester Township. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

CHESTER SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Equalized Valuation Basis:

	<u>Legal Debt Margin Calculation for Fiscal Year 2020</u>		
	<u>Chester Borough</u>	<u>Chester Township</u>	<u>Total</u>
2019	\$ 392,740,215	\$ 1,880,650,401	\$ 2,273,390,616
2018	385,064,408	1,914,841,090	2,299,905,498
2017	388,929,425	1,906,745,466	2,295,674,891
	<u>\$ 1,166,734,048</u>	<u>\$ 5,702,236,957</u>	<u>\$ 6,868,971,005</u>
Average Equalized Valuation of Taxable Property			<u>\$ 2,289,657,002</u>
Debt Limit (3% of average equalization value ^a)			\$ 68,689,710
Net Bonded Debt as of June 30, 2020			14,025,000
Legal Debt Margin			<u>\$ 54,664,710</u>

	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 87,903,629	\$ 75,362,179	\$ 72,484,088	\$ 70,233,799	\$ 69,384,354
Total Net Debt Applicable to Limit	<u>20,115,000</u>	<u>19,455,000</u>	<u>19,655,000</u>	<u>18,855,000</u>	<u>18,030,000</u>
Legal Debt Margin	<u>\$ 67,788,629</u>	<u>\$ 55,907,179</u>	<u>\$ 52,829,088</u>	<u>\$ 51,378,799</u>	<u>\$ 51,354,354</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	22.88%	25.82%	27.12%	26.85%	25.99%

	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 69,224,753	\$ 69,078,196	\$ 68,808,471	\$ 68,850,777	\$ 68,689,710
Total Net Debt Applicable to Limit	<u>17,175,000</u>	<u>16,305,000</u>	<u>15,405,000</u>	<u>14,730,000</u>	<u>14,025,000</u>
Legal Debt Margin	<u>\$ 52,049,753</u>	<u>\$ 52,773,196</u>	<u>\$ 53,403,471</u>	<u>\$ 54,120,777</u>	<u>\$ 54,664,710</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	24.81%	23.60%	22.39%	21.39%	20.42%

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

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

CHESTER SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Chester Borough

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2010	\$ 1,650	\$ 121,964,700	\$ 73,918	8.80%
2011	1,650	126,345,450	76,573	8.50%
2012	1,659	131,858,979	79,481	8.80%
2013	1,660	133,394,280	80,358	6.50%
2014	1,662	138,986,412	83,626	3.80%
2015	1,661	145,345,805	87,505	3.70%
2016	1,656	148,465,368	89,653	3.30%
2017	1,653	155,810,127	94,259	3.40%
2018	1,649	162,990,458	98,842	2.30%
2019	1,624	160,519,408	98,842 *	2.00%
2020	1,624 **	160,519,408 ***	98,842 *	N/A

Chester Township

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2010	\$ 7,855	\$ 580,625,890	\$ 73,918	10.50%
2011	7,891	604,237,543	76,573	10.20%
2012	7,894	627,423,014	79,481	10.10%
2013	7,896	634,506,768	80,358	8.80%
2014	7,870	658,136,620	83,626	6.70%
2015	7,862	687,964,310	87,505	3.70%
2016	7,837	702,610,561	89,653	3.40%
2017	7,814	736,539,826	94,259	3.20%
2018	7,777	768,694,234	98,842	3.00%
2019	7,670	758,118,140	98,842 *	2.50%
2020	7,670 **	758,118,140 ***	98,842 *	N/A

* - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest Morris County personal income available (2018) and latest population data available (2019) was used for calculation purposes.

N/A - Information Not Available

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income

^c Per capita personal income for Morris County is estimated based upon the 2000 Census published

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

CHESTER SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2019	
	Employees	Percentage of Total Employment
Atlantic Health System	6,140	2.43%
Picatinny Arsenal	6,000	2.37%
Novartis	4,900	1.94%
ADP	2,690	1.06%
Bayer	2,400	0.95%
Accenture	1,865	0.74%
Barclays	1,800	0.71%
Honeywell	1,704	0.67%
Allergan	1,627	0.64%
St. Clare's Health System	1,565	0.62%
	<u>30,691</u>	<u>12.14%</u>
	<u>252,984</u>	
Employer	2010	
	Employees	Percentage of Total Employment
Novartis	4,990	1.99%
Atlantic Health System	4,933	1.97%
U.S. Army Armament R&D	4,442	1.77%
UPS	2,332	0.93%
County of Morris	1,959	0.78%
ADP	1,924	0.77%
AT&T	1,550	0.62%
Saint Claire's Health System	1,531	0.61%
BASF Corporation	1,400	0.56%
Avis Budget Group, Inc.	1,378	0.55%
	<u>26,439</u>	<u>10.55%</u>
Total Employment	<u>250,640</u>	

Source: Morris County Chamber of Commerce

CHESTER SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>2020</u>
Instruction										
Regular	95.5	80.4	95.5	93.9	83.9	84.1	78.5	73.9	73.9	75.0
Special Education	18.5	36.5	21.5	22.0	20.8	19.1	17.0	18.4	18.4	20.0
Other Instruction	9.3	7.0	9.0	8.2	9.8	10.9	38.1	38.4	38.0	45.0
Support Services:										
Student & Instruction Related Services	19.2	21.1	20.9	21.1	29.0	41.9	14.6	16.1	16.1	16.1
General and Business Administrative Services	7.2	5.1	5.6	5.6	5.4	5.5	8.0	10.0	10.0	11.0
School Administrative Services	10.6	9.2	11.6	11.6	12.0	11.3	12.6	10.5	10.5	10.5
Transportation	5.7	7.2	8.2	6.8	7.8	9.2	7.6	7.7	7.7	3.0
Plant Operations and Maintenance	14.5	16.3	13.5	13.5	14.3	15.3	15.0	16.8	16.8	17.0
Total	180.5	182.8	185.8	182.7	183.0	197.3	191.4	191.8	191.4	197.6

Source: School District Personnel Records

CHESTER SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio ^e		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2011	1,353	\$ 20,612,569	\$ 15,235	-6.03%	132	22:1	23:1	1,352	1,304	-1.97%	96.44%
2012	1,304	20,805,221	15,955	4.73%	132	18.2:1	21.7:1	1,302	1,261	-3.68%	96.83%
2013	1,241	21,846,174	17,604	10.33%	129	19.6:1	19.04:1	1,236	1,197	-5.06%	96.82%
2014	1,188	21,929,563	18,459	4.86%	130	20:1	18.04:1	1,190	1,148	-3.75%	96.52%
2015	1,166	22,448,758	19,253	4.30%	132	19:1	18:1	1,159	1,126	-2.60%	97.20%
2016	1,140	22,804,902	20,004	3.90%	135	8:1	9:1	1,133	1,100	-2.22%	97.09%
2017	1,143	23,106,111	20,215	1.05%	134	9:1	7:1	1,139	1,099	0.53%	96.49%
2018	1,080	23,720,362	21,963	8.65%	131	15:1	14:1	1,072	1,026	-5.88%	95.71%
2019	1,087	24,199,150	22,262	1.36%	131	15:1	14:1	1,072	1,026	0.00%	95.71%
2020	1,081	24,570,173	21,413	-3.82%	132	15:1	14:1	1,068	1,026	-0.37%	96.07%

Note:

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Cost per pupil represents operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- e Pupil / Teacher Ratio beginning in 2015 obtained from Taxpayer's Guide to Education Spending (TGES)

Source: School District records.

CHESTER SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary</u>										
<u>Bragg</u>										
Square Feet	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	456	449	436	407	352	345	351	365	352	349
<u>Dickerson</u>										
Square Feet	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment	371	327	330	326	326	333	336	330	343	337
<u>Middle School</u>										
<u>Black River Middle School</u>										
Square Feet	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191
Capacity (students)	497	497	497	497	497	497	497	497	497	497
Enrollment	520	528	473	454	454	455	451	385	392	395
<u>Number of Schools</u>										
Elementary = 2										
Middle School = 1										

Source: School District records.

CHESTER SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended June 30,	Bragg	Dickerson	Black River	Total
2011	\$ 73,874	\$ 75,175	\$ 93,091	\$ 242,140
2012	84,559	86,048	106,556	277,163
2013	93,255	94,897	117,513	305,665
2014	87,404	88,943	110,141	286,488
2015	92,031	93,652	115,970	301,653
2016	129,223	146,128	156,558	431,909
2017	165,007	170,006	165,006	500,019
2018	159,836	180,746	193,647	534,229
2019	157,742	180,409	187,656	525,807
2020	120,037	137,983	157,374	415,394

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

Source: School District records.

CHESTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2020
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)		
Accounts Receivable	\$ 500,000	\$ 5,000
Automobile Physical Damage	250,000	5,000
Electronic Data Processing Equipment	In Blanket Limit	5,000
	1,085,000	1,000
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	16,000,000	
Automobile Liability	16,000,000	
Employee Benefit Liability	16,000,000	1,000
<u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	500
Forgery	25,000	500
Theft/Disappearance/Destruction:		
Inside	25,000	500
Outside	25,000	500
Computer Fraud	100,000	500
<u>SCHOOL BOARD LEGAL LIABILITY - NJSIG:</u>	16,000,000	5,000
Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
<u>WORKERS' COMPENSATION:</u>		
Statutory Benefits	Included	
Employer's Liability	2,000,000	
Supplemental Coverage (optional)	Included	
<u>NJSIG:</u>		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - T. Dawson	225,000	500
Treasurer - M Parasugo	225,000	1,000

Source: School District records.

SINGLE AUDIT SECTION

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 Auditors' Report

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), 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 Chester School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

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

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Chester School District's (the "District's"), compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 District's major 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") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the District'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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey
Page 2

Report on Internal Control Over Compliance

Management of the District 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District'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 a 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 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. 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance, June 30, 2020			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Due to Grantor
<u>U.S. Department of Agriculture:</u>											
Passed-through State Department of Education: Enterprise Fund											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 14,244	\$	14,244	\$	(11,461)	\$ 2,783		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	15,851				(1,213)			
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	32,296		32,296		(32,296)			
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	47,626	\$ (9,933)	9,933					
COVID 19 - Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	11,561		5,252		(11,561)	\$ (6,309)		
Total Child Nutrition Cluster					(9,933)	1,213	61,725	(56,531)	2,783	(6,309)	
Total Enterprise Fund					(9,933)	1,213	61,725	(56,531)	2,783	(6,309)	
<u>U.S. Department of Education:</u>											
Passed-through State Department of Education: Special Revenue Fund											
Elementary and Secondary Education Act:											
Title I	84.010	ESEA510020	7/1/19-9/30/20	92,512		70,280		(86,292)		(16,012)	
Title I	84.010	ESEA510019	7/1/18-9/30/19	99,339	(48,411)	48,411					
Total Title I					(48,411)	118,691		(86,292)		(16,012)	
Title II A	84.367	ESEA510020	7/1/19-9/30/20	23,299		15,446		(595)		(595)	
Title II A	84.367	ESEA510019	7/1/18-9/30/19	21,135	(15,396)	15,446					\$ 50
Total Title II A					(15,396)	30,892		(595)		(595)	50
Title III - Immigrant C/O	84.365	ESEA510019	7/1/18-9/30/19	2,394	(1,978)	1,978					
Title III	84.365	ESEA510020	7/1/19-9/30/20	8,626	(10,813)	10,813		(8,626)		(8,626)	
Title III	84.365	ESEA510019	7/1/18-9/30/19	10,813	(12,791)	12,791					
Total Title III					(12,791)	23,604		(8,626)		(8,626)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA510020	7/1/19-9/30/20	309,388		221,817		(254,196)		(32,379)	
I.D.E.A. Part B, Basic	84.027	IDEA510019	7/1/18-9/30/19	310,948	(147,384)	147,384					
I.D.E.A. Preschool	84.173	IDEA510020	7/1/19-9/30/20	21,997				(4,223)		(4,223)	
I.D.E.A. Preschool	84.173	IDEA510019	7/1/18-9/30/19	30,254	(21,897)	21,897					
Total Special Education Cluster					(169,281)	391,098		(258,419)		(36,602)	
Total Special Revenue					(245,879)	538,026		(353,932)		(61,835)	50
Total U.S. Department of Education					(245,879)	538,026		(353,932)		(61,835)	50
Total Federal Awards					\$ (255,812)	\$ 1,213	\$ 599,751	\$ (410,463)	\$ 2,783	\$ (68,144)	\$ 50
											\$ -0-

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
					Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable				Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund State Aid:														
Special Education Categorical Aid Security Aid	19-495-034-5120-089		7/1/18-6/30/19	\$ 862,238	\$ (81,316)		\$ 81,316	\$ (920,640)						\$ 862,238
Transportation Aid	19-495-034-5120-084		7/1/18-6/30/19	62,405	(5,885)		5,885	(62,405)						62,405
Nonpublic Transportation Costs	19-495-034-5120-014		7/1/18-6/30/19	269,121	(25,380)		25,380	(269,121)						269,121
Extraordinary Special Education Costs Aid	19-495-034-5120-014		7/1/18-6/30/19	23,274	(23,274)		23,274	(738,997)						23,274
Reimbursed TPAF Social Security Contributions	19-495-034-5120-044		7/1/18-6/30/19	115,078	(115,078)		115,078	(1,956,928)						115,078
	19-495-034-5095-003		7/1/18-6/30/19	630,278	(30,064)		30,064	(35,076)						630,278
Special Education Categorical Aid Security Aid	20-495-034-5120-089		7/1/19-6/30/20	920,640			832,874	\$ (920,640)						920,640
Transportation Aid	20-495-034-5120-084		7/1/19-6/30/20	62,405			56,456	(62,405)						62,405
Nonpublic Transportation Costs	20-495-034-5120-014		7/1/19-6/30/20	269,121			243,465	(269,121)						269,121
Extraordinary Special Education Costs Aid	20-495-034-5120-014		7/1/19-6/30/20	1,738				(1,738)						1,738
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003		7/1/19-6/30/20	97,726			624,576	(97,726)						97,726
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001		7/1/19-6/30/20	738,997			738,997	(738,997)						738,997
On-Behalf TPAF Long Term Disability Insurance Contributions	20-495-034-5094-004		7/1/19-6/30/20	1,178			1,178	(1,178)						1,178
On-Behalf TPAF Pension Contributions	20-495-034-5094-002		7/1/19-6/30/20	1,956,928			1,956,928	(1,956,928)						1,956,928
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-003		7/1/19-6/30/20	35,076			35,076	(35,076)						35,076
Subtotal - General Fund					(280,997)		4,770,547	(4,739,270)			(130,349)		(249,720)	6,701,664
Special Revenue Fund Aid:														
Nonpublic Auxiliary Services:														
N.J. Nonpublic Textbook Aid	20-100-034-5120-064		7/1/19-6/30/20	15,128			15,128	(15,128)						15,128
N.J. Nonpublic Nursing Aid	20-100-034-5120-070		7/1/19-6/30/20	27,839			27,839	(27,839)						27,839
N.J. Nonpublic Technology Initiative	20-100-034-5120-373		7/1/19-6/30/20	10,332			10,332	(10,332)						10,332
N.J. Nonpublic Security Aid	20-100-034-5120-373		7/1/19-6/30/20	97,500			97,500	(97,500)						97,500
N.J. Nonpublic Security Aid	19-100-034-5120-509		7/1/18-6/30/19	99,600					\$ 3,574					96,026
Nonpublic Handicapped Services:														
Examination and Classification Corrective Speech	19-100-034-5120-066		7/1/18-6/30/19	12,374			7,096	(7,096)						5,278
Supplementary Instruction	19-100-034-5120-066		7/1/18-6/30/19	9,821			2,143	(2,143)						7,678
Examination and Classification Corrective Speech	20-100-034-5120-066		7/1/19-6/30/20	8,361			7,062	(7,061)						4,521
Supplementary Instruction	20-100-034-5120-066		7/1/19-6/30/20	9,115			7,847	(8,203)						7,061
Subtotal - Special Revenue Fund - Department of Education							14,636	(171,567)			(3,445)	2,294	(3,445)	285,070

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
<u>Enterprise Fund:</u>												
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	\$ 183			\$ 83	\$ (183)		\$ (100)	\$ (100)	\$ (100)	\$ 183
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	2,185			2,185	(2,185)					2,185
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	3,210			669						3,210
Subtotal - Enterprise Fund				(669)		2,937	(2,368)		(100)	(100)	(100)	5,578
Total State Department of Education				(281,666)	\$ 14,636	4,943,900	(4,913,205)	\$ 14,636	(133,894)	\$ 2,294	(253,265)	6,992,312
Total State Awards				\$ (281,666)	\$ 14,636	\$ 4,943,900	\$ (4,913,205)	\$ 14,636	\$ (133,894)	\$ 2,294	\$ (253,265)	\$ 6,992,312
<u>Less: On-Behalf TPAF Pension System Contributions:</u>												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20	\$ (738,997)				\$ 738,997					
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-001	7/1/19 - 6/30/20	(1,178)				1,178					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20	(1,956,928)				1,956,928					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-003	7/1/19 - 6/30/20	(35,076)				35,076					
Subtotal - On-Behalf TPAF Pension System Contributions							2,732,179					
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)							\$ (2,181,026)					

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Chester School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. 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 the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,790) for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,732,480	\$ 4,732,480
Special Revenue Fund	\$ 353,932	171,567	525,499
Food Service Fund	56,531	2,368	58,899
Total Awards	<u>\$ 410,463</u>	<u>\$ 4,906,415</u>	<u>\$ 5,316,878</u>

NOTE 5. 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 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

CHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>		<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>					
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$	920,640	\$ 920,640
Security Aid	20-495-034-5120-084	7/1/19-6/30/20		62,405	62,405

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

CHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

CHESTER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.