

**BOROUGH OF CHESILHURST
SCHOOL DISTRICT
CHESILHURST, NEW JERSEY**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

BOROUGH OF CHESILHURST SCHOOL DISTRICT
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INTRODUCTORY SECTION



February 3, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Chesilhurst Board of Education for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08, as applicable based on the appropriate expenditure threshold. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Borough of Chesilhurst Board of Education is an independent reporting entity within the criteria adopted by the Generally Accepted Auditing Standards (GAAS) as established by Statement No. 14, as amended. All funds of the District are included in this report. The Borough of Chesilhurst Board of Education and its school constitute the District's reporting entity.

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

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process is designed to provide reasonable, but not absolute, assurance that these objectives are met.

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the 2020-2021 fiscal year, is reflected in the financial section. This budget, as well as the 2021-2022 budget, was approved by the Executive County Superintendent of Schools.

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

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

9. DEBT SERVICE:

The maximum amount of allowable debt that the Board may authorize is \$2,140.732. As of June 30, 2021, the District has no outstanding debt.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15- 08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Borough of Chesilhurst Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



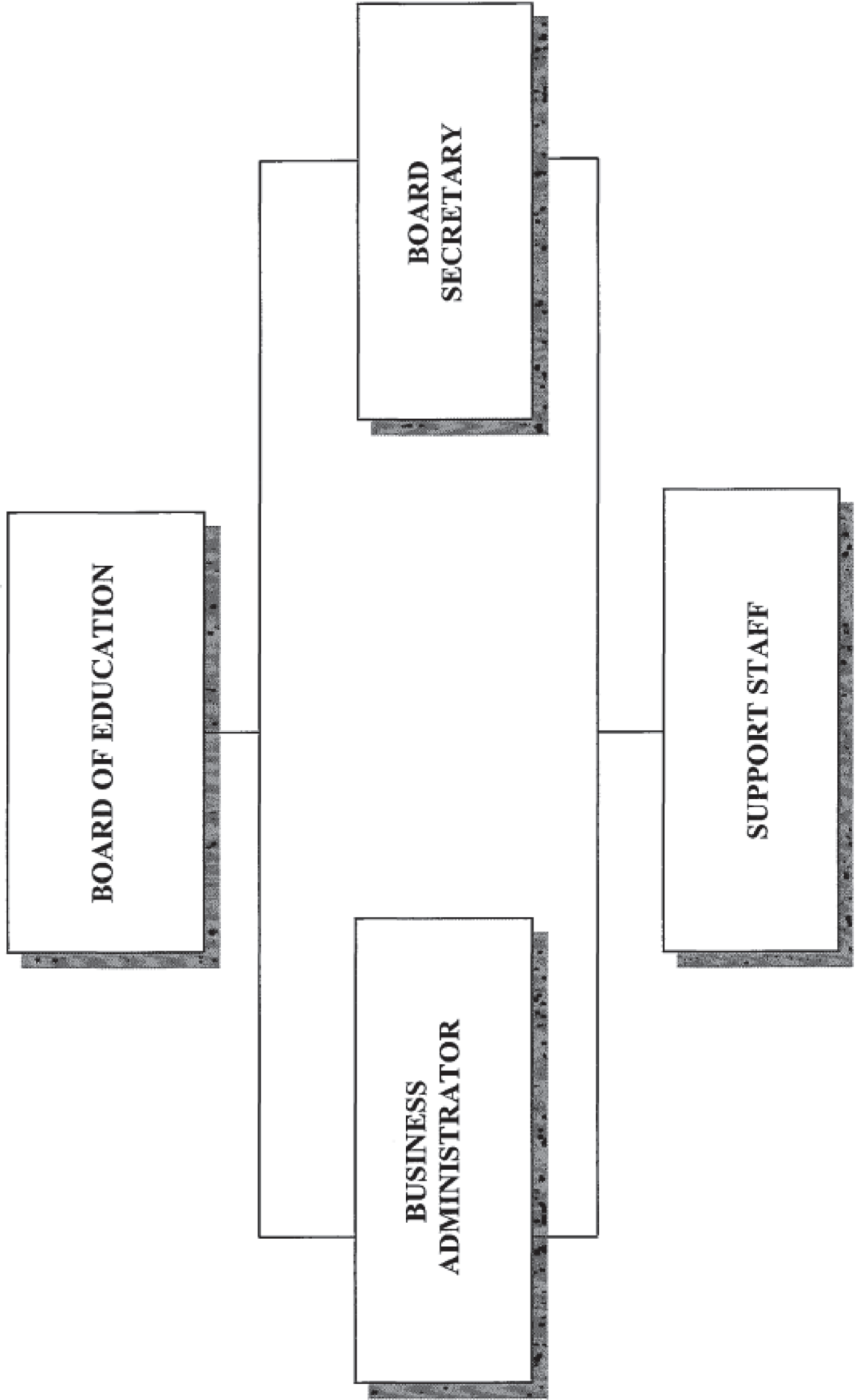
Orlando L. Chandler
Business Administrator / Board Secretary

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Chesilhurst, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



**BOROUGH OF CHESILHURST
BOARD OF EDUCATION
CHESILHURST, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2021**

Members of the Board of Education

Term Expires

Jordan Lyles, President	2022
Debra Barney, Vice President	2023
Ronald Harmon	2021
Joseph Medley	2021
Carla Ortiz	2021
Marquis Garnett	2023
Pearl Saylor	2022

Other Officials

Dr. Frank Badessa, Business Administrator/ Board Secretary
Darryl C. Rhone, Esq. Solicitor

**BOROUGH OF CHESILHURST
BOARD OF EDUCATION**

Consultants and Advisors

Audit Firm

**Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043**

Attorney

**Darryl C. Rhone, Esquire
CGO Law P.C.
142 Crescent Hollow Dr.
Sewell, NJ 08080**

Broker of Record

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

Official Depository

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

21600

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 and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of June 30, 2021, 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.

Emphasis of Matter

During the fiscal year ended June 30, 2021, the School District became aware that the School District's cash account was incorrectly allocated as of June 30, 2020 and needed to be corrected. As a result, the School District net position and fund balance as of July 1, 2020 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated, as discussed in note 13 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chesilhurst School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have 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.

21600

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2022 on our consideration of the Borough of Chesilhurst School 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 Borough of Chesilhurst School 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 Borough of Chesilhurst School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
February 3, 2022

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 3, 2022. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the incorrectly allocated cash account.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Chesilhurst School District's internal control over financial reporting (internal control) as a basis for designing 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Chesilhurst School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as finding number 2021-006 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Chesilhurst School District's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding numbers 2021-001, 2021-002, 2021-003, 2021-004, 2021-005 and 2021-006.

The Borough of Chesilhurst School District's Response to Findings

The Borough of Chesilhurst School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
February 3, 2022

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The management's discussion and analysis of the Borough of Chesilhurst School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2021 and 2020. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2021:

- Net Position at June 30, 2021 for governmental and business-type activities amounted to \$3,648,165 and \$11,789, respectively.
- The School District's General Fund balance increased to \$3,261,630 as of June 30, 2021 from \$2,646,413 as of June 30, 2020, an increase of \$615,217.

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 School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as its food services program.

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 School District's budget for the year.

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

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food service. The Food Service enterprise fund has not operated for the past several years.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds – not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The School District has two kinds of funds:

- *Governmental funds* – The School District's basic services are included in the governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary fund* – This fund represents charges or fees for such activities as food service.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table presents a summary of the School District's net position for the fiscal years ended June 30, 2021 and June 30, 2020:

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> (Restated)
Current and Other Assets	\$ 3,338,973	\$ 2,669,532	\$ 11,789	\$ 12,389	\$ 3,350,762	\$ 2,681,921
Capital Assets	386,609	415,248			386,609	415,248
Total Assets	3,725,582	3,084,780	11,789	12,389	3,737,371	3,097,169
Other Liabilities	77,417	25,133	-	-	77,417	25,133
Net Investment in						
Capital Assets	386,609	415,248			386,609	415,248
Restricted	2,938,910	2,567,950			2,938,910	2,567,950
Unrestricted (Deficit)	322,646	76,449	11,789	12,389	334,435	88,838
Total Net Position	\$ 3,648,165	\$ 3,059,647	\$ 11,789	\$ 12,389	\$ 3,659,954	\$ 3,072,036

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

The School District's Net Position for governmental and business-type activities increased by \$587,918 from July 1, 2020 to June 30, 2021. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	<u>2021</u>	<u>2020</u> (Restated)	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Operating Grants and Contributions	\$ 23,567	\$ 18,095	\$ 5,472	30.24%
General Revenues:				
Property Taxes	791,164	791,164		0.00%
Federal and State Aid not Restricted	2,192,038	2,308,711	(116,673)	-5.05%
Miscellaneous Income	629,367	69,174	560,193	809.83%
Total Revenues	<u>3,636,136</u>	<u>3,187,144</u>	<u>448,992</u>	<u>14.09%</u>
Expenses:				
Support Services:				
Tuition	2,519,218	2,816,117	(296,899)	-10.54%
Student and Instruction Related Services	12,729		12,729	100.00%
School Administrative Services	86,292	71,433	14,859	20.80%
Other Administrative Services	53,566	37,046	16,520	44.59%
Plant Operations and Maintenance	121,465	106,844	14,621	13.68%
Pupil Transportation	233,500	444,728	(211,228)	-47.50%
Unallocated Benefits	(7,792)	(64,746)	56,954	-87.97%
Unallocated Depreciation	27,473	28,282	(809)	-2.86%
Food Service	600		600	100.00%
Loss on Disposal of Assets	1,166		1,166	100.00%
Total Expenses	<u>3,048,217</u>	<u>3,439,704</u>	<u>(391,487)</u>	<u>-11.38%</u>
Change in Net Position	587,918	(252,560)	840,478	-332.78%
Net Position, July 1	3,072,036	3,336,385	(264,349)	-7.92%
Prior Period Adjustment		(11,789)	11,789	100.00%
Net Position, July 1, Restated	<u>3,072,036</u>	<u>3,324,596</u>	<u>(252,560)</u>	<u>92.08%</u>
Net Position, June 30,	<u>\$ 3,659,954</u>	<u>\$ 3,072,036</u>	<u>\$ 587,918</u>	<u>19.14%</u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2020-2021, Governmental Activities Revenues were \$3,636,136 compared to \$3,187,143 in 2019-2020.

In 2020-2021, General Revenues - Property Taxes of \$791,164 made up 21.78%, and General Revenues - Federal & State Grants of \$2,192,038 made up 60.30% of Governmental Activities Revenues.

In 2019-2020, General Revenues - Property Taxes of \$791,164 made up 24.82%, and General Revenues - Federal & State Grants of \$2,308,711 made up 72.44% of Governmental Activities Revenues.

In 2020-2021, the School District's Governmental Activities expenditures decreased by \$393,253 or 11.43%. This decrease was mainly related to decreased costs related to transportation and tuition costs.

Business-Type Activities

The Food Service enterprise fund has not operated for the past several years.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$2,924,693, which was equal to the original budget.

The 2020-2021 General Fund Tax Levy was \$791,164, which was equal to General Fund Tax Levy for 2019-2020.

During fiscal year 2021 and 2020, the School District budgeted \$2,130,729 and \$2,339,668 for state aid revenues, respectively.

The final budgetary basis expenditure appropriation estimate was \$3,778,212, which was equal to the original budget.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$3,261,556, an increase of \$617,157 in comparison with the prior year.

Of the combined ending fund balances of \$3,261,556, \$293,843 constitutes unassigned fund balance. The remainder of fund balance of \$2,967,713 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had ending net position of \$11,789, which was a decrease of \$600 in comparison with the prior year. This was a result of a write off of inventory.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Cont'd)

CAPITAL ASSETS

At the end of fiscal year 2021 and 2020, the School District had \$386,608 and \$415,247 in governmental activities capital assets net of accumulated depreciation. Net Investment in Capital Assets was \$386,609 at June 30, 2021 and \$415,247 at June 30, 2020. The following table reflects the capital assets net of accumulated depreciation as of June 30, 2021 and June 30, 2020.

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and Improvements	\$ 75,550	\$ 75,894			\$ 75,550	\$ 75,894
Buildings and Improvements	306,978	328,547			306,978	328,547
Equipment	4,080	10,806			4,080	10,806
Total	\$ 386,608	\$ 415,247	\$ -	\$ -	\$ 386,608	\$ 415,247

Depreciation expense for governmental activities was \$27,473 for fiscal year ended 2021 and \$28,282 for fiscal year ended 2020.

DEBT ADMINISTRATION

The maximum amount of allowable debt that the Board may authorize is \$2,140.732. As of June 30, 2021, the District has no outstanding debt and no current plans to issue debt.

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

One of the most important factors affecting the School District's budget is state aid. The 2021-2022 budget was adopted with a \$15,823 increase in the tax levy based in part on the decrease in state aid the School District anticipates receiving, which has a decrease of 7.59% from prior year budget. The 2021-2022 budget was supplemented by excess surplus in the amount of \$467,409 and assigned fund balance of \$27,663.

Any reduction of state aid and/or an increase in expenditures will put an additional burden on the taxpayers of this School District. The School District has dedicated itself to strong financial controls. The School District spends a lot of time monitoring its budget. The School District has committed itself to reviewing the ways in which it conducts business and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Chesilhurst School District Business Administrator/Board Secretary, at 511 Edwards Avenue, Chesilhurst, NJ 08089 or by telephone (856) 767-5451.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,525,190.25	\$ 11,789.20	\$ 2,536,979.45
Intergovernmental Receivables	813,782.46		813,782.46
Capital Assets, net	386,608.99		386,608.99
Total Assets	<u>3,725,581.70</u>	<u>11,789.20</u>	<u>3,737,370.90</u>
LIABILITIES:			
Accounts Payable	74,813.19		74,813.19
Due to Grantor	2,603.36		2,603.36
Total Liabilities	<u>77,416.55</u>	<u>-</u>	<u>77,416.55</u>
NET POSITION:			
Net Investment in Capital Assets	386,608.99		386,608.99
Restricted:			
Other Purposes	2,938,910.16		2,938,910.16
Unrestricted	322,646.00	11,789.20	334,435.20
Total Net Position	<u>\$ 3,648,165.15</u>	<u>\$ 11,789.20</u>	<u>\$ 3,659,954.35</u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Support Services:							
Tuition	\$ 2,519,218.30		\$ 22,418.00		\$ (2,496,800.30)		\$ (2,496,800.30)
Student and Instruction Related Services	12,728.64		12,728.64				
School Administrative Services	86,292.45				(86,292.45)		(86,292.45)
Other Administrative Services	53,566.24				(53,566.24)		(53,566.24)
Plant Operations and Maintenance	121,464.60				(121,464.60)		(121,464.60)
Pupil Transportation	233,499.52				(233,499.52)		(233,499.52)
Unallocated Benefits	(7,791.66)		(11,580.00)		(3,788.34)		(3,788.34)
Unallocated Depreciation	27,472.88				(27,472.88)		(27,472.88)
Total Governmental Activities	3,046,450.97	\$ -	23,566.64	\$ -	(3,022,884.33)	\$ -	(3,022,884.33)
Business-Type Activities:							
Food Service	600.00					(600.00)	(600.00)
Total Business-Type Activities	600.00	-	-	-	-	(600.00)	(600.00)
Total Government	\$ 3,047,050.97	\$ -	\$ 23,566.64	\$ -	(3,022,884.33)	(600.00)	(3,023,484.33)
General Revenues (Expenses):							
Taxes:							
Property Taxes, Levied for General Purposes, net					791,164.00		791,164.00
Federal and State Aid not Restricted					2,192,038.00		2,192,038.00
Miscellaneous Income					629,366.91		629,366.91
Loss on Disposal of Assets					(1,166.13)		(1,166.13)
Total General Revenues (Expenses)					3,611,402.78	-	3,611,402.78
Change in Net Position					588,518.45	(600.00)	587,918.45
Net Position -- July 1					3,071,436.00	12,389.20	3,083,825.20
Prior Period Adjustment (Note 13)					(11,789.30)		(11,789.30)
Net Position, July 1 (Restated)					3,059,646.70	12,389.20	3,072,035.90
Net Position -- June 30					\$ 3,648,165.15	\$ 11,789.20	\$ 3,659,954.35

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

FUND FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,521,021.15	\$ 4,169.10			\$ 2,525,190.25
Tax Levy Receivable	395,582.00				395,582.00
Receivables from Other Governments	418,200.46				418,200.46
Total Assets	\$ 3,334,803.61	\$ 4,169.10	\$ -	\$ -	\$ 3,338,972.71
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 73,173.45	\$ 1,639.74			\$ 74,813.19
Due to Grantor		2,603.36			2,603.36
Total Liabilities	73,173.45	4,243.10	\$ -	\$ -	77,416.55
Fund Balances:					
Restricted:					
Excess Surplus - Designated for Subsequent Years Expenditures	467,409.00				467,409.00
Excess Surplus - Current Year	383,161.44				383,161.44
Capital Reserve	681,218.65				681,218.65
Maintenance Reserve	837,121.07				837,121.07
Tuition Reserve					
2018-2019 Adjustments	270,000.00				270,000.00
2019-2020 Adjustments	300,000.00				300,000.00
Assigned:					
Subsequent Year's Expenditures	28,803.00				28,803.00
Unassigned (Deficit)	293,917.00	(74.00)			293,843.00
Total Fund Balances (Deficit)	3,261,630.16	(74.00)	-	-	3,261,556.16
Total Liabilities and Fund Balances	\$ 3,334,803.61	\$ 4,169.10	\$ -	\$ -	\$ 3,338,972.71

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

Total Fund Balances	\$ 3,261,556.16
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,197,754.00, and the accumulated depreciation is \$808,299.57.	<u>386,608.99</u>
Net position of governmental activities	<u>\$ 3,648,165.15</u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 791,164.00				\$ 791,164.00
Miscellaneous	629,366.91				629,366.91
State Sources	2,192,038.00	\$ 22,418.00			2,214,456.00
Federal Sources		12,728.64			12,728.64
Total Revenues	3,612,568.91	35,146.64	\$ -	\$ -	3,647,715.55
EXPENDITURES:					
Current:					
Support Services & Undistributed Costs:					
Tuition	2,498,740.30	20,478.00			2,519,218.30
Student & Instruction Related Services		12,728.64			12,728.64
School Administrative Services	86,292.45				86,292.45
Other Administrative Services	53,566.24				53,566.24
Plant Operations and Maintenance	121,464.60				121,464.60
Pupil Transportation	233,499.52				233,499.52
Unallocated Benefits	3,788.34				3,788.34
Total Expenditures	2,997,351.45	33,206.64	-	-	3,030,558.09
Excess (Deficiency) of Revenues over Expenditures	615,217.46	1,940.00	-	-	617,157.46
Fund Balance (Deficit) -- July 1	2,658,202.00	(2,014.00)			2,656,188.00
Prior Period Adjustment (Note 13)	(11,789.30)				(11,789.30)
Fund Balance (Deficit) -- July 1, Restated	2,646,412.70	(2,014.00)	-	-	2,644,398.70
Fund Balance (Deficit) -- June 30	\$ 3,261,630.16	\$ (74.00)	\$ -	\$ -	\$ 3,261,556.16

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 617,157.46
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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 actual capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (27,472.88)	
Loss on Disposal	(1,166.13)	
Capital Outlay	<u>-</u>	
		<u>(28,639.01)</u>

Change in Net Position of Governmental Activities	<u>\$ 588,518.45</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Statement of Net Position
 Proprietary Fund
 June 30, 2021

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 11,789.20
Noncurrent Assets:	
Capital Assets	7,600.00
Less: Accumulated Depreciation	(7,600.00)
Total Capital Assets (Net of Accumulated Depreciation)	-
Total Assets	11,789.20
NET POSITION:	
Unrestricted	\$ 11,789.20

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
OPERATING EXPENSES:	
General Supplies	\$ <u>600.00</u>
Operating Loss	<u>(600.00)</u>
Change in Net Position	(600.00)
Total Net Position -- July 1	<u>12,389.20</u>
Total Net Position -- June 30	<u><u>\$ 11,789.20</u></u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
Cash and Cash Equivalents -- July 1	\$ 11,789.20
Cash and Cash Equivalents -- June 30	\$ 11,789.20
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (600.00)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Inventories	600.00
Total Adjustments	600.00
Net Cash Used in Operating Activities	\$ -

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Chesilhurst School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three member's terms expire each year. The purpose of the School District is to provide education for all of Chesilhurst Borough's grades K through 12. The District operated one instructional building for grades K through 6 up to the 2008-09 school year. As of July 1, 2009, all students were attending the Winslow Township School District on a tuition basis. The School District has approximately 145 resident students as of June 30, 2021.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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 expenditures for specified purposes other than debt service or capital projects.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The School District reports the following major governmental funds (cont'd):

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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.

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary fund:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District. As the District was a non-operating District during the 2020-21 school year, the food service fund was inactive. Balances in the fund will remain until such time as a final decision is reached, regarding operation, consolidation or continued non-operating status.

As a rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June 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. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1 and exhibit C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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

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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2021. The School District had no prepaid expenses for the fiscal year ended June 30, 2021.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets (Cont'd)**

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	N/A	N/A
Land Improvements	20 Years	N/A
Buildings and Improvements	8-50 Years	N/A
Equipment	5-20 Years	10-15 Years

The School District does not possess any infrastructure assets.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2021 and 2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statement for the fiscal year ended June 30, 2021:

Statement No. 84, *Fiduciary Activities*. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of this Statement had no impact on the School District's financial statements.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uncollateralized.

As of June 30, 2021, the School District's bank balances of \$2,566,355.02 were insured by FDIC or GUDPA.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>General Fund</u>
State Awards	\$ 43,917.00
Tax Levy Receivable	395,582.00
Tuition Refunds Receivable	<u>374,283.46</u>
	<u>\$ 813,782.46</u>

Note 4: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by transfer of \$225,000.00 in the 2013-2014 school year 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020		\$ 480,337.00
Increased by:		
Deposits:		
Interest earned on Capital Reserve Funds	\$ 881.65	
Transfer per Board Resolution	<u>200,000.00</u>	
		<u>200,881.65</u>
Ending Balance June 30, 2021		<u><u>\$ 681,218.65</u></u>

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Balance July 1, 2020 (Restated)</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 74,000.00	\$ -	\$ -	\$ 74,000.00
Capital Assets, being Depreciated:				
Land Improvements	62,285.00			62,285.00
Buildings and Improvements	974,229.21			974,229.21
Equipment	39,128.00		(11,205.00)	27,923.00
Total Capital Assets, being Depreciated	1,075,642.21	-	(11,205.00)	1,064,437.21
Total Capital Assets, Cost	1,149,642.21	-	(11,205.00)	1,138,437.21
Less Accumulated Depreciation for:				
Land Improvements	(60,390.75)	(344.25)		(60,735.00)
Buildings and Improvements	(645,682.21)	(21,568.58)		(667,250.79)
Equipment	(28,322.00)	(5,560.05)	10,038.87	(23,843.18)
Total Accumulated Depreciation	(734,394.96)	(27,472.88)	10,038.87	(751,828.97)
Total Capital Assets, being Depreciated, Net	341,247.25	(27,472.88)	(1,166.13)	312,608.24
Governmental Activities Capital Assets, Net	<u>\$ 415,247.25</u>	<u>\$ (27,472.88)</u>	<u>\$ (1,166.13)</u>	<u>\$ 386,608.24</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 7,600.00			\$ 7,600.00
Less Accumulated Depreciation for:				
Equipment	(7,600.00)			(7,600.00)
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:

Unallocated \$ 27,472.88

Note 6: LONG-TERM LIABILITIES

Bonds Authorized but not Issued - As of June 30, 2021, the School District had no authorizations to issue bonded debt.

Postemployment Benefits - For details on other postemployment benefits, refer to note 7. The School District's contributions to the postemployment benefits plan are budgeted and paid from the general fund.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") 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 or more years 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.

Employees Covered by Benefit Terms - At June 30, 2020, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<hr/>
	<u>366,108</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP pension participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the statement of net position.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2021 was \$2,112,403.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. For the June 30, 2020 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was 0.0031151809%, which was a decrease of 0.0002356645% from its proportion measured as of June 30, 2019.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25% *
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to all Future Years

* based on service years

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Experience Studies - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Discount Rate - The discount rate for June 30, 2020 measurement date was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the School District:

Balance at June 30, 2020		\$ 1,398,277.00
Changes for the Year:		
Service Cost	\$ -	
Interest Cost	48,321.00	
Difference between Expected and Actual Experience	315,602.00	
Changes in Assumptions	385,863.00	
Member Contributions	1,115.00	
Gross Benefit Payments	<u>(36,775.00)</u>	
Net Changes		<u>714,126.00</u>
Balance at June 30, 2021		<u>\$ 2,112,403.00</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

Differences between expected and actual experience reflect an increase in liability from June 30, 2019 to June 30, 2020 due to changes in the census, claims, and premiums experience.

Changes in assumptions reflect an increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2020, associated with the School District, using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 2,546,611.00</u>	<u>\$ 2,112,403.00</u>	<u>\$ 1,772,894.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2020, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 1,705,203.00	\$ 2,112,403.00	\$ 2,597,288.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense - For the fiscal year ended June 30, 2021, the School District recognized \$11,580.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District; however, at June 30, 2021, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 320,718.00	\$ 285,684.00
Changes of Assumptions	359,313.00	241,037.00
Changes in Proportion	-	435,679.00
	<u>\$ 680,031.00</u>	<u>\$ 962,400.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the School District, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2022	\$	(58,505.00)
2023		(58,505.00)
2024		(58,505.00)
2025		(58,505.00)
2026		(58,505.00)
Thereafter		<u>10,156.00</u>
	<u>\$</u>	<u>(282,369.00)</u>

Note 8: RISK MANAGEMENT

The School 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.

Joint Insurance Pool - The School District is a member of the New Jersey School Alliance Insurance Fund (the "Fund"). The Fund provides its members with the following coverage:

School Leaders Errors & Omissions
 Property - Blanket Building and Grounds
 Workers' Compensation and Employer's Liability
 Liability other than Motor Vehicles
 Property Damage other than Motor Vehicles
 Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Group's obligations.

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

The Group publishes its own financial report that can be obtained from:

School Alliance Insurance Fund
 51 Everett Drive,
 Suite 40-B,
 West Windsor, New Jersey 08550

Note 9: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 10: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 11: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$74.00 in the special revenue fund as of June 30, 2021 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Note 12: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Tuition - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$570,000.00 in a legal reserve for tuition adjustments. This restricted fund balance represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2021, \$570,000.00 has been restricted and designated for utilization in the 2021-2022 and 2022-2023 budget.

Note 12: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd)**

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021, as indicated on Exhibit B-1, is \$850,570.44, and the excess fund balance, as indicated on the budgetary comparison schedule, Exhibit C-1, is \$1,063,123.44. The difference between these numbers is due to the timing difference of recording the June state aid payments. Additionally, \$467,409.00 of excess fund balance generated during 2019-2020 has been restricted and designated for utilization in the 2021-2022 budget.

For Capital Reserve Account - As of June 30, 2021, the balance in the capital reserve account is \$681,218.65. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2021, the balance in the maintenance reserve account is \$837,121.07. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2022, \$28,803.00 of general fund balance at June 30, 2021.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2021, \$293,917.00 of general fund balance was unassigned.

Special Revenue Fund - As of June 30, 2021, the fund balance of the special revenue fund was a deficit of \$74.00 thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 11, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$74.00 is equal to the last state aid payment and unspent grant funds.

Note 13: RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE

For the fiscal year ended June 30, 2020, the School District's cash account was incorrectly allocated and needed to be corrected. The following tables illustrate the restatements:

	<u>Governmental Activities</u>
Beginning Net Position as Previously Reported at July 1, 2020	\$ 3,071,436.00
Prior Period Adjustment:	
Adjustment for Business-Type Activities cash incorrectly recorded in Governmental Activities	<u>(11,789.30)</u>
Net Position as Restated, July 1, 2020	<u>\$ 3,059,646.70</u>
	<u>General Fund</u>
Beginning Fund Balance as Previously Reported at July 1, 2020	\$ 2,658,202.00
Prior Period Adjustment:	
Adjustment for Proprietary Fund cash incorrectly recorded in General Fund	<u>(11,789.30)</u>
Fund Balance as Restated, July 1, 2020	<u>\$ 2,646,412.70</u>

Note 14: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 791,164.00		\$ 791,164.00	\$ 791,164.00	
Unrestricted Miscellaneous Revenues	2,000.00		2,000.00	3,517.36	\$ 1,517.36
Refund of Prior Year's Expenditures				623,983.83	623,983.83
Interest Earned on Capital Reserve	400.00		400.00	881.65	481.65
Interest Earned on Maintenance Reserve	400.00		400.00	984.07	584.07
Total - Local Sources	793,964.00	\$ -	793,964.00	1,420,530.91	626,566.91
State Sources:					
Equalization Aid	1,533,518.00		1,533,518.00	1,533,518.00	
Special Education Categorical Aid	95,861.00		95,861.00	95,861.00	
Categorical Security Aid	50,877.00		50,877.00	50,877.00	
Categorical Transportation Aid	170,166.00		170,166.00	170,166.00	
Adjustment Aid	280,307.00		280,307.00	280,307.00	
Extraordinary Special Education Costs Aid				41,017.00	41,017.00
Additional Nonpublic Transportation Aid				2,900.00	2,900.00
Total - State Sources	2,130,729.00	-	2,130,729.00	2,174,646.00	43,917.00
Total Revenues	2,924,693.00	-	2,924,693.00	3,595,176.91	670,483.91

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 1,700,616.00		\$ 1,700,616.00	\$ 1,680,138.00	\$ 20,478.00
Tuition to Other LEAs Within the State-Special	609,133.00		609,133.00	609,133.00	
Tuition to County Vocational - Regular	22,345.00		22,345.00	22,345.00	
Tuition to Private Schools for the Disabled - Within State	245,919.00		245,919.00	182,624.30	63,294.70
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	
Total Undistributed Expenditures - Instruction	2,582,513.00	\$ -	2,582,513.00	2,498,740.30	83,772.70
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	45,000.00		45,000.00	22,394.00	22,606.00
Audit Fees	19,700.00		19,700.00	14,500.45	5,199.55
Architect Fees	5,000.00		5,000.00		5,000.00
Other Purchased Professional Services	57,000.00	(5,250.00)	51,750.00	21,668.31	30,081.69
Communications/Telephone	20,000.00		20,000.00	8,586.81	11,413.19
Other Purchased Services	19,000.00		19,000.00	11,333.92	7,666.08
General Supplies	7,000.00		7,000.00	3,297.98	3,702.02
BOE In-house Training / Meeting Supplies	1,100.00		1,100.00	949.00	151.00
Miscellaneous Expenditures	4,500.00		4,500.00	568.53	3,931.47
BOE Membership Dues and Fees	3,500.00		3,500.00	2,651.45	848.55
Total Undistributed Expenditures - Support Services - General Admin.	181,800.00	(5,250.00)	176,550.00	85,950.45	90,599.55
Undistributed Expenditures- Support Services- Central Services:					
Purchase Professional Services	41,500.00	(1,000.00)	40,500.00	37,850.00	2,650.00
Purchase Technical Services	11,000.00	(6,000.00)	5,000.00	4,862.99	137.01
Supplies and Materials	2,000.00	1,000.00	3,000.00	2,853.25	146.75
Total Undistributed Expenditures- Support Services- Central Services	54,500.00	(6,000.00)	48,500.00	45,566.24	2,933.76

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Administrative Information Technology					
Purchase Professional Services	\$ -	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ -
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	72,250.00	(50,400.00)	21,850.00	21,840.21	9.79
General Supplies	15,500.00	(100.00)	15,400.00	4,210.11	11,189.89
Total Undistributed Expenditures - Required Maintenance	87,750.00	(50,500.00)	37,250.00	26,050.32	11,199.68
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair, and Maintenance Service	6,200.00	28,000.00	34,200.00	33,648.43	551.57
Other Purchased Property Services	10,350.00		10,350.00		10,350.00
Insurance	15,500.00		15,500.00		15,500.00
General Supplies	5,000.00		5,000.00	288.19	4,711.81
Energy (Natural Gas)	15,500.00		15,500.00	5,694.72	9,805.28
Energy (Electricity)	36,500.00		36,500.00	35,662.93	837.07
Total Undistributed Expenditures - Custodial Services	89,050.00	28,000.00	117,050.00	75,294.27	41,755.73
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	-	6,500.00	6,500.00	6,490.00	10.00
Undistributed Expenditures - Security:					
Other Purchased Professional Services	-	14,000.00	14,000.00	13,630.01	369.99
Total Undistributed Expenditures - Oper. & Maint. of Plant Services	176,800.00	(2,000.00)	174,800.00	121,464.60	53,335.40

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	\$ 10,000.00		\$ 10,000.00	\$ 5,949.40	\$ 4,050.60
Contracted Services - Aid In Lieu of Payments - Choice Students	25,000.00		25,000.00	8,665.56	16,334.44
Contracted Services (Between Home and School) - Vendors	310,500.00		310,500.00	99,896.34	210,603.66
Contracted Services (Between Home and School) - Joint Agreements	11,000.00		11,000.00		11,000.00
Contracted Services - (Special Education Students) - ESCs & CTSA's	180,000.00		180,000.00	118,988.22	61,011.78
Miscellaneous Purchased Services - Transportation	45,000.00		45,000.00		45,000.00
Total Undistributed Expenditures - Student Transportation Services	581,500.00	\$ -	581,500.00	233,499.52	348,000.48
Undistributed Expenditures - Unallocated Benefits - Employee Benefits:					
T.P.A.F. Contributions - ERIP	6,710.00		6,710.00	3,590.17	3,119.83
Other Retirement Contributions - ERIP	500.00		500.00	198.17	301.83
Total Undistributed Expenditures - Unallocated Benefits	7,210.00	-	7,210.00	3,788.34	3,421.66
Total Undistributed Expenditures	3,584,323.00	(5,250.00)	3,579,073.00	2,997,009.45	582,063.55
Interest Earned on Maintenance Reserve	400.00	-	400.00	-	400.00
Total Current Expense	3,584,723.00	(5,250.00)	3,579,473.00	2,997,009.45	582,463.55
Capital Outlay:					
Undistributed Expenditures - Instruction		5,250.00	5,250.00		5,250.00
Construction Services	192,747.00		192,747.00		192,747.00
Assessment for Debt Service on SDA Funding	342.00		342.00	342.00	
Interest Earned on Capital Reserve	400.00		400.00		400.00
Total Capital Outlay	193,489.00	5,250.00	198,739.00	342.00	198,397.00
Total Expenditures	3,778,212.00	-	3,778,212.00	2,997,351.45	780,860.55
Excess (Deficiency) of Revenues Over (Under) Expenditures (Carried Forward)	(853,519.00)	-	(853,519.00)	597,825.46	1,451,344.46

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures (Brought Forward)	\$ (853,519.00)	\$ -	\$ (853,519.00)	\$ 597,825.46	\$ 1,451,344.46
Fund Balances, July 1	-	-	-	2,888,147.00	2,888,147.00
Prior Period Adjustment	-	-	-	(11,789.30)	(11,789.30)
Fund Balances, July 1 (Restated)	-	-	-	2,876,357.70	2,876,357.70
Fund Balances, June 30	\$ (853,519.00)	\$ -	\$ (853,519.00)	\$ 3,474,183.16	\$ 4,327,702.16
RECAPITULATION:					
Restricted Fund Balance:					
Capital Reserve				\$ 681,218.65	
Maintenance Reserve				837,121.07	
Tuition Reserve					
21-22 Tuition Adjustments				270,000.00	
22-23 Tuition Adjustments				300,000.00	
Excess Surplus--Current Year				595,714.44	
Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures				467,409.00	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				28,803.00	
Unassigned Fund Balance				293,917.00	
				3,474,183.16	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				(212,553.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,261,630.16	

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 20,478.00	\$ -	\$ 20,478.00	\$ 20,478.00	\$ -
Federal Sources:					
Coronavirus Relief Fund	-	15,332.00	15,332.00	12,728.64	(2,603.36)
Total Revenues	20,478.00	15,332.00	35,810.00	33,206.64	(2,603.36)
EXPENDITURES:					
Instruction:					
Tuition	20,478.00	-	20,478.00	20,478.00	-
Support Services:					
Other Purchased Services		3,100.00	3,100.00	3,100.00	
Supplies and Materials		11,998.64	11,998.64	9,395.28	2,603.36
Other Objects		233.36	233.36	233.36	
Total Support Services	-	15,332.00	15,332.00	12,728.64	2,603.36
Total Expenditures	20,478.00	15,332.00	35,810.00	33,206.64	2,603.36
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				\$ (2,084.00)	
Unearned Restricted State Aid Payments Not Recognized on GAAP Basis				2,010.00	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (74.00)</u>	

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2021

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 3,595,176.91	\$ 33,206.64
Differences - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	229,945.00	2,014.00
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		2,010.00
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until subsequent year.	<u>(212,553.00)</u>	<u>(2,084.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,612,568.91</u>	<u>\$ 35,146.64</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,997,351.45	\$ 33,206.64
Encumbrances for goods or services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the goods or services are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 2,997,351.45</u>	<u>\$ 33,206.64</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

Not Applicable for this District

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND
REPORTING FOR OTHER POSTEMPLOYEMENT BENEFITS**

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Four Plan Years

	<u>Measurement Date Ending June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District				
Changes for the Year:				
Service Cost				
Interest Cost	\$ 48,321.00	\$ 68,124.00	\$ 74,465.00	\$ 66,159.00
Difference Between Expected and Actual Experience	315,602.00	(429,978.00)	(145,992.00)	
Changes in Assumptions	385,863.00	20,848.00	(204,371.00)	(261,104.00)
Gross Benefit Payments	1,115.00	(42,923.00)	(47,622.00)	(48,705.00)
Member Contributions	(36,775.00)	1,272.00	1,646.00	1,793.00
Net Change in Total Non-Employer OPEB Liability	714,126.00	(382,657.00)	(321,874.00)	(241,857.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>1,398,277.00</u>	<u>1,780,934.00</u>	<u>2,102,808.00</u>	<u>2,344,665.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 2,112,403.00</u>	<u>\$ 1,398,277.00</u>	<u>\$ 1,780,934.00</u>	<u>\$ 2,102,808.00</u>
School District's Covered Payroll (Plan Measurement Period)	N/A	N/A	N/A	N/A
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2021

Changes of Benefit Terms -

There were no changes in benefit terms from the previous valuations.

Changes of Assumptions -

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

The mortality assumption was updated upon the direction from the Division of Pension and Benefits (DPB).

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. The ultimate trend for medical and prescription drug benefits was lowered from 5.0% to 4.5%. Recent plan experience along with national trend studies indicate a reduction on the expectations of future long-term medical and prescription drug experience. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023, the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	<u>Total</u>	<u>Coronavirus Relief Fund</u>	<u>Preschool Education Aid</u>
REVENUES:			
Federal Sources	\$ 12,728.64	\$ 12,728.64	
State Sources	<u>20,478.00</u>	<u> </u>	\$ 20,478.00
Total Revenues	<u>33,206.64</u>	<u>12,728.64</u>	<u>20,478.00</u>
EXPENDITURES:			
Instruction:			
Tuition	<u>20,478.00</u>	<u> </u>	<u>20,478.00</u>
Support Services:			
Other Purchased Services	3,100.00	3,100.00	
Supplies and Materials	9,395.28	9,395.28	
Other Objects	<u>233.36</u>	<u>233.36</u>	<u> </u>
Total Support Services	<u>12,728.64</u>	<u>12,728.64</u>	<u> </u>
Total Expenditures	<u>33,206.64</u>	<u>12,728.64</u>	<u>20,478.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance, July 1	<u> </u>	<u> </u>	<u> </u>
Fund Balance, June 30	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Tuition	<u>\$ 20,478.00</u>	<u>\$ 20,478.00</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2020-2021 Preschool Expansion Aid Allocation	\$ 20,478.00
Add: Actual Preschool Education Aid Carryover (June 30, 2020)	2,010.00
Add: Budgeted Transfer from the General Fund 2020-2021	<u>-</u>
Total Preschool Education Aid Funds Available for 2020-2021 Budget	22,488.00
Less: 2020-21 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>20,478.00</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2021	2,010.00
Add: June 30, 2021 Unexpended Preschool Education Aid	<u>-</u>
2020-2021 Carryover - Preschool Education Aid/Preschool	<u>\$ 2,010.00</u>
2020-2021 Preschool Education Aid Carryover Budgeted in 2021-2022	<u>\$ -</u>

PROPRIETARY FUNDS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2021

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 11,789.20
Noncurrent Assets:	
Capital Assets	7,600.00
Less: Accumulated Depreciation	<u>(7,600.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>
Total Assets	<u>11,789.20</u>
NET POSITION:	
Unrestricted	<u><u>\$ 11,789.20</u></u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2021

	<u>Food Service</u>
OPERATING EXPENSES:	
General Supplies	<u>\$ 600.00</u>
Operating Loss	<u>(600.00)</u>
Change in Net Position	(600.00)
Net Position -- July 1	<u>12,389.20</u>
Net Position -- June 30	<u><u>\$ 11,789.20</u></u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Enterprise Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2021

	<u>Food Service</u>
Cash and Cash Equivalents -- July 1	\$ 11,789.20
Cash and Cash Equivalents -- June 30	<u>\$ 11,789.20</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (600.00)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Inventories	<u>600.00</u>
Total Adjustments	<u>600.00</u>
Net Cash Used for Operating Activities	<u>\$ -</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 386,609	\$ 415,248	\$ 443,530	\$ 485,577	\$ 516,416	\$ 550,333	\$ 168,902	\$ 172,240	\$ 189,943	\$ 207,900
Restricted	2,938,910	2,579,739	2,817,148	2,372,076	1,956,116	1,840,888	1,889,022	1,021,800	514,779	472,373
Unrestricted (Deficit)	322,646	76,449	63,318	345,108	12,337	9,197	5,735	15,428	18,595	(21,767)
Total Governmental Activities										
Net Position	<u>\$ 3,648,165</u>	<u>\$ 3,071,436</u>	<u>\$ 3,323,996</u>	<u>\$ 3,202,761</u>	<u>\$ 2,484,869</u>	<u>\$ 2,400,418</u>	<u>\$ 2,063,659</u>	<u>\$ 1,209,468</u>	<u>\$ 723,317</u>	<u>\$ 658,506</u>
Business-type Activities:										
Net Investment in Capital Assets							\$ 176	\$ 530	\$ 884	\$ 1,237
Unrestricted	\$ 11,789	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	12,389	12,389	12,389	12,389
Total Business-type Activities										
Net Position	<u>\$ 11,789</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,565</u>	<u>\$ 12,919</u>	<u>\$ 13,273</u>	<u>\$ 13,626</u>
District-wide:										
Net Investment in Capital Assets	\$ 386,609	\$ 415,248	\$ 443,530	\$ 485,577	\$ 516,416	\$ 550,333	\$ 169,078	\$ 172,770	\$ 190,827	\$ 209,137
Restricted	2,938,910	2,579,739	2,817,148	2,372,076	1,956,116	1,840,888	1,889,022	1,021,800	514,779	472,373
Unrestricted (Deficit)	334,435	88,838	75,707	357,497	24,726	21,586	18,124	27,817	30,984	(9,378)
Total District-wide Net Position	<u>\$ 3,659,954</u>	<u>\$ 3,083,825</u>	<u>\$ 3,336,385</u>	<u>\$ 3,215,150</u>	<u>\$ 2,497,258</u>	<u>\$ 2,412,807</u>	<u>\$ 2,076,224</u>	<u>\$ 1,222,387</u>	<u>\$ 736,590</u>	<u>\$ 672,132</u>

* Amounts for the years 2014 through 2021 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: District Records (Exhibit A-1)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2021^{*^}</u>	<u>2020^{*^}</u>	<u>2019^{*^}</u>	<u>2018^{*^}</u>	<u>2017^{*^}</u>	<u>2016[*]</u>	<u>2015[*]</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular										\$ 28,044
Support Services:										
Tuition	\$ 2,519,218	\$ 2,816,117	\$ 2,721,522	\$ 2,710,344	\$ 2,759,480	\$ 2,608,253	\$ 2,798,655	\$ 2,396,866	\$ 2,538,218	2,479,580
Student and Instruction Related Services	12,729	6,345	65,166	75,492	82,089	85,420	95,024	82,768	121,548	259,254
School Administrative Services	86,292	37,388	36,683	43,009	19,192	24,238	22,070	16,111	36,577	24,986
Other Administrative Services	53,566									
Plant Operations and Maintenance	121,465	106,844	84,053	119,633	74,699	85,630	108,758	94,137	74,929	61,887
Pupil Transportation	233,500	444,728	496,997	326,591	341,345	287,787	261,326	223,497	292,566	213,481
Unallocated Benefits	(7,792)		(1,510)	3,712	3,736	7,898	7,893	21,332	60,464	74,400
Unallocated Depreciation	27,473	28,282	42,047	40,409	40,823	29,515	18,143	17,703	17,957	18,732
Total Governmental Activities Expenses	3,046,451	3,439,704	3,444,958	3,319,190	3,321,364	3,128,741	3,311,869	2,852,414	3,142,259	3,160,364
Business-type Activities:										
Food Service	600	-	-	-	-	176	354	354	353	353
Total Business-type Activities Expense	600	-	-	-	-	176	354	354	353	353
Total District Expenses	\$ 3,047,051	\$ 3,439,704	\$ 3,444,958	\$ 3,319,190	\$ 3,321,364	\$ 3,128,917	\$ 3,312,223	\$ 2,852,768	\$ 3,142,612	\$ 3,160,717
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 23,567	\$ 18,095	\$ 23,731	\$ 57,678	\$ 45,947	\$ 20,537	\$ 27,371	\$ 22,178	\$ 77,444	\$ 42,723
Total Governmental Activities Program Revenues	23,567	18,095	23,731	57,678	45,947	20,537	27,371	22,178	77,444	42,723
Total Business-type Activities Program Revenues	-	-	-	-	-	-	-	-	-	-
Total District Program Revenues	\$ 23,567	\$ 18,095	\$ 23,731	\$ 57,678	\$ 45,947	\$ 20,537	\$ 27,371	\$ 22,178	\$ 77,444	\$ 42,723
Net (Expense)/Revenue:										
Governmental Activities	\$ (3,022,884)	\$ (3,421,609)	\$ (3,421,227)	\$ (3,261,512)	\$ (3,275,417)	\$ (3,108,204)	\$ (3,284,498)	\$ (2,830,236)	\$ (3,064,815)	\$ (3,117,641)
Business-type Activities	(600)	-	-	-	-	(176)	(354)	(354)	(353)	(353)
Total District-wide Net Expense	\$ (3,023,484)	\$ (3,421,609)	\$ (3,421,227)	\$ (3,261,512)	\$ (3,275,417)	\$ (3,108,380)	\$ (3,284,852)	\$ (2,830,590)	\$ (3,065,168)	\$ (3,117,994)

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,										
	<u>2021^{*^}</u>	<u>2020^{*^}</u>	<u>2019^{*^}</u>	<u>2018^{*^}</u>	<u>2017^{*^}</u>	<u>2016[*]</u>	<u>2015[*]</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	
General Revenues and Other Changes in Net Position:											
Governmental Activities:											
Property Taxes Levied for General Purposes, Net	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Federal and State Aid Not Restricted	2,192,038	2,308,711	2,451,558	2,481,818	2,514,880	2,507,356	2,504,626	2,493,590	2,351,653	2,591,773	
Miscellaneous Income	629,367	69,174	299,740	706,422	53,824	195,861	897,205	31,491	20,281	10,283	
Loss on Disposal	(1,167)										
Transfers						(49,418)	(54,306)	142	(33,472)	(18,522)	
Total Governmental Activities	3,611,402	3,169,049	3,542,462	3,979,404	3,359,868	3,444,963	4,138,689	3,316,387	3,129,626	3,374,698	
Total Business-type Activities	-	-	-	-	-	-	-	-	-	-	
Total District-wide	\$ 3,611,402	\$ 3,169,049	\$ 3,542,462	\$ 3,979,404	\$ 3,359,868	\$ 3,444,963	\$ 4,138,689	\$ 3,316,387	\$ 3,129,626	\$ 3,374,698	
Change in Net Position:											
Governmental Activities	\$ 588,518	\$ (252,560)	\$ 121,235	\$ 717,892	\$ 84,451	\$ 336,759	\$ 854,191	\$ 486,151	\$ 64,811	\$ 257,057	
Business-type Activities	(600)	-	-	-	-	(176)	(354)	(354)	(353)	(353)	
Total District	\$ 587,918	\$ (252,560)	\$ 121,235	\$ 717,892	\$ 84,451	\$ 336,583	\$ 853,837	\$ 485,797	\$ 64,458	\$ 256,704	

* Amounts for the years 2015 through 2021 include the revenues and expenses associated with the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

[^] Amounts for the years 2017 through 2021 include the revenues and expenses associated with the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Source: District Records (Exhibit A-2)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:										
Restricted:										
Other Reserves	\$ 2,938,910	\$ 1,753,883	\$ 1,841,530	\$ 1,986,240	\$ 1,394,758	\$ 1,563,988	\$ 1,572,336	\$ 1,021,800	\$ 514,779	\$ 105,559
Assigned:										
Designated for Subsequent Year's Expenditures	28,803	855,461	1,001,893	702,837	561,358	276,900	316,686			
Unassigned (Deficit)	<u>293,917</u>	<u>48,858</u>	<u>39,026</u>	<u>33,973</u>	<u>17,225</u>	<u>11,152</u>	<u>8,675</u>	<u>16,411</u>	<u>18,595</u>	<u>18,595</u>
Total General Fund	<u>\$ 3,261,630</u>	<u>\$ 2,658,202</u>	<u>\$ 2,882,449</u>	<u>\$ 2,723,050</u>	<u>\$ 1,973,341</u>	<u>\$ 1,852,040</u>	<u>\$ 1,897,697</u>	<u>\$ 1,038,211</u>	<u>\$ 533,374</u>	<u>\$ 124,154</u>
All Other Governmental Funds:										
Unassigned (Deficit), Reported in:										
Special Revenue Fund (Deficit)	<u>\$ (74)</u>	<u>\$ (2,014)</u>	<u>\$ (1,983)</u>	<u>\$ (5,866)</u>	<u>\$ (4,888)</u>	<u>\$ (1,955)</u>	<u>\$ (2,940)</u>	<u>\$ (983)</u>	<u>\$ (2,804)</u>	<u>\$ (5,609)</u>
Total All Other Governmental Funds	<u>\$ (74)</u>	<u>\$ (2,014)</u>	<u>\$ (1,983)</u>	<u>\$ (5,866)</u>	<u>\$ (4,888)</u>	<u>\$ (1,955)</u>	<u>\$ (2,940)</u>	<u>\$ (983)</u>	<u>\$ (2,804)</u>	<u>\$ (5,609)</u>

Source: District Records (Exhibit B-1)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:										
Tax Levy	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Interest Earnings		69,154	17,827	7,853	3,502	2,230	3,032	4,018	2,841	1,080
Miscellaneous	629,367	20	287,140	699,642	50,322	193,631	894,173	27,473	17,440	9,203
State Sources	2,192,038	2,395,258	2,475,289	2,539,496	2,560,827	2,527,893	2,531,997	2,515,768	2,429,097	2,544,887
Total Revenue	3,612,569	3,255,596	3,571,420	4,038,155	3,405,815	3,514,918	4,220,366	3,338,423	3,240,542	3,346,334
Expenditures:										
Instruction:										
Regular Instruction										28,044
Support Services:										
Tuition	2,498,740	2,816,117	2,721,522	2,710,344	2,759,480	2,608,253	2,798,655	2,396,866	2,538,218	2,479,580
School Administrative Services	86,292	71,433	65,508	75,492	82,089	85,420	95,024	82,768	121,548	259,254
Other Administrative Services	53,566	37,046	36,341	42,667	18,850	23,896	21,728	15,769	36,355	24,824
Plant Operations and Maintenance	121,465	106,844	84,053	119,633	74,699	85,630	108,758	94,137	74,929	61,887
Pupil Transportation	233,500	444,728	496,997	326,591	341,345	287,787	261,326	223,497	292,566	213,481
Unallocated Benefits	3,788	3,706	3,717	3,712	3,736	7,898	7,893	21,332	81,194	74,400
Capital Outlay				10,985	7,248	411,288	15,147	342	222	162
Total Expenditures	2,997,351	3,479,874	3,408,138	3,289,424	3,287,447	3,510,172	3,308,531	2,834,711	3,145,032	3,141,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	615,218	(224,278)	163,282	748,731	118,368	4,746	911,835	503,712	95,510	204,702
Other Financing Sources (Uses):										
Transfers (Net)	-	-	-	-	-	(49,418)	(54,306)	142	(33,472)	(33,472)
Net Change in Fund Balances	\$ 615,218	\$ (224,278)	\$ 163,282	\$ 748,731	\$ 118,368	\$ (44,672)	\$ 857,529	\$ 503,854	\$ 62,038	\$ 171,230
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District Records (Exhibit B-2)

REVENUE CAPACITY INFORMATION

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Refunds of Prior Year Expenses								\$ 464		
Interest on Investments	\$ 5,383	\$ 69,154	\$ 17,827	\$ 7,853	\$ 3,502	\$ 2,230	\$ 3,032	4,018	\$ 2,841	\$ 1,080
Prior Year Tuition	623,984		273,781	699,642	48,963	193,546	2,751	26,183		
Prior Year Order Adjustment					1,100		890,736	890,736	3,896	
Miscellaneous		20	13,359		259	85	686	263	13,544	9,203
	<u>\$ 629,367</u>	<u>\$ 69,174</u>	<u>\$ 304,967</u>	<u>\$ 707,495</u>	<u>\$ 53,824</u>	<u>\$ 195,861</u>	<u>\$ 897,205</u>	<u>\$ 921,664</u>	<u>\$ 20,281</u>	<u>\$ 10,283</u>

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2021	\$ 4,891,100	\$ 77,348,600	\$ 5,189,700	\$ 681,000	\$ 340,800	\$ 88,451,200	\$ 359,206	\$ 88,810,406	\$ 87,601,466	\$ 0.900
2020	5,898,600	77,279,200	5,089,700	681,000	340,800	89,289,300	355,583	89,644,883	85,069,836	0.883
2019	5,960,500	76,738,100	5,230,800	681,000	340,800	88,951,200	355,334	89,306,534	84,051,025	0.886
2018	6,150,000	76,643,700	4,773,300	681,000	340,800	88,588,800	351,631	88,940,431	84,814,552	0.889
2017	6,162,000	76,349,700	4,773,300	681,000	416,200	88,382,200	346,328	88,728,528	84,083,435	0.891
2016	6,254,400	77,075,800	4,635,600	681,000	416,200	89,063,000	345,102	89,408,102	89,063,000	0.884
2015	6,419,700	77,365,600	4,688,100	681,000	416,200	89,570,600	350,193	89,920,793	89,570,600	0.949
2014	6,712,800	77,040,100	4,688,100	681,000	416,200	89,538,200	339,931	89,878,131	82,380,459	0.880
2013	6,837,800	77,481,600	4,688,100	778,500	416,200	90,202,200	400,480	90,602,680	88,410,516	0.873
2012	6,793,800	78,013,700	4,688,100	778,500	416,200	90,690,300	390,756	91,081,056	91,081,056	0.870

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	Borough of <u>Chesilhurst</u>	Camden <u>County</u>	
2021	\$ 0.900		\$ 0.900	\$ 1.844	\$ 0.837	\$ 3.581
2020	0.883		0.883	1.784	0.810	3.477
2019	0.886		0.886	1.708	0.819	3.413
2018	0.889		0.889	1.652	0.856	3.397
2017	0.891		0.891	1.579	0.848	3.318
2016	0.884		0.884	1.490	0.832	3.206
2015	0.949		0.949	1.413	0.800	3.162
2014	0.880		0.880	1.362	0.779	3.021
2013	0.873		0.873	1.306	0.820	2.999
2012	0.870		0.870	1.278	0.759	2.907

Source: Municipal Tax Collector

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Ten Years Ago
Unaudited

<u>Taxpayer</u>	<u>2021</u>			<u>Taxpayer</u>	<u>2022</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Woods, Bernard & Della	\$ 1,426,700	1	1.63%				
Fourth Garden Park LTD Partners	1,358,000	2	1.55%				
Macauley, George & Deneen	550,000	3	0.63%				
214 Mallory Ave Partners, LLC	498,600	4	0.57%				
South Jersey Gas Company	457,500	5	0.52%				
Myers, Gloria & Edward Sr	400,800	6	0.46%				
WKM, LLC	345,600	7	0.39%				
Phillips, George	340,800	8	0.39%				
JAS Petroleum LLC	332,100	9	0.38%				
Schwartz, Erico	329,400	10	0.38%				
Total	<u>\$ 4,612,800</u>		<u>5.27%</u>		<u>\$ -</u>		

Information Not Available

Source: District ACFR & Municipal Tax Assessor

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30.</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2021	\$ 791,164	\$ 395,582	50.00%	\$ 395,582
2020	791,164	791,164	100.00%	
2019	791,164	791,164	100.00%	
2018	791,164	791,164	100.00%	
2017	791,164	593,706	75.04%	197,458
2016	791,164	593,573	75.03%	197,591
2015	791,164	527,443	66.67%	263,721
2014	791,164	725,234	91.67%	65,930
2013	791,164	791,164	100.00%	
2012	791,164	*	100.00%	

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

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

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.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Business-Type <u>Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	Outstanding Debt Per <u>Capital (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Loans</u>	<u>Capital Leases</u>	<u>Bond Authorized but not Issued</u>	<u>Capital Leases</u>			
2021								
2020								
2019								
2018								
2017								
2016								
2015								
2014								
2013								
2012								

N/A - This District has no outstanding debt.

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2020 and 2010 Census published by the US Bureau of Economic Analysis

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Net Assessed Valuation <u>Taxable (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds/Loans (1)</u>	<u>Deductions</u>			
2021					
2020					
2019					
2018					
2017	N/A - This District has no outstanding debt.				
2016					
2015					
2014					
2013					
2012					

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2020
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Chesilhurst Borough</u>
Municipal Debt: (1) Chesilhurst Borough	\$ 522,500	\$ -	\$ 522,500	\$ 522,500
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	36,380,000	19,103,198 (3)	17,276,802 (5)	38,182
Notes	25,461,125		25,461,125 (5)	56,269
Loan Agreement	351,009,923		351,009,923 (5)	775,732
Bonds Issued by Other Public Bodies Guaranteed by the County	248,987,704	248,987,704 (4)		
	<u>661,838,752</u>	<u>268,090,902</u>	<u>393,747,849</u>	<u>870,183</u>
	<u>\$ 662,361,252</u>	<u>\$ 268,090,902</u>	<u>\$ 394,270,349</u>	<u>\$ 1,392,683</u>

Sources:

- (1) 2020 Annual Debt Statement
- (2) County's 2020 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2020 Equalized Value, which is 0.221%.
 The source for this computation was the 2020 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis (1)		2020	\$ 88,431,514
		2019	84,747,713
		2018	<u>83,708,589</u>
			<u>\$ 256,887,816</u>
Average equalized valuation of taxable property			<u>\$ 85,629,272</u>
Debt limit (2.5% of average equalization value) (2)	\$		2,140,732
Total Net Debt Applicable to Limit			<u>-</u>
Legal Debt Margin	\$		<u>2,140,732</u>

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 2,140,732	\$ 2,108,942	\$ 2,108,888	\$ 2,112,643	\$ 2,146,926	\$ 2,127,910	\$ 2,168,972	\$ 2,168,684	\$ 2,209,694	\$ 1,948,293
Total net debt applicable to limit (3)										
Legal debt margin	<u>\$ 2,140,732</u>	<u>\$ 2,108,942</u>	<u>\$ 2,108,888</u>	<u>\$ 2,112,643</u>	<u>\$ 2,146,926</u>	<u>\$ 2,127,910</u>	<u>\$ 2,168,972</u>	<u>\$ 2,168,684</u>	<u>\$ 2,209,694</u>	<u>\$ 1,948,293</u>
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 6 district.
- (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2021	Unavailable	Unavailable	Unavailable	Unavailable
2020	1610	Unavailable	Unavailable	11.4%
2019	1617	\$ 90,196,260	\$ 55,780	4.6%
2018	1621	87,700,963	54,103	6.1%
2017	1622	84,146,116	51,878	6.7%
2016	1620	80,015,040	49,392	7.4%
2015	1616	77,703,744	48,084	8.3%
2014	1614	75,674,004	46,886	10.5%
2013	1618	72,934,586	45,077	15.7%
2012	1622	72,571,524	44,742	15.8%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per capita personal income by county-estimated based upon the 2020 and 2010 Census published by the US Bureau of Economic Analysis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Information is not available		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
	-----		-----	-----		-----
	=		=	=		=

Source: Individual Employers

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Support Services:										
General Administrative Services										1.5
Total	-	-	-	-	-	-	-	-	-	1.5

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u> <u>Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2021										
2020										
2019										
2018										
2017										
2016										
2015										
2014										
2013										
2012										

N/A - This District is a non-operating district.

Sources: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
Shirley B. Foster (1975)										
Square Feet	37,350	37,350	37,350	37,350	37,350	37,350	37,350	37,350	15,234	15,234
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Schools at June 30, 2021										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

<u>School Facilities</u>	<u>School #</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Shirley B. Foster Elementary	N/A	\$ 26,050	\$ 73,563	\$ 54,913	\$ 85,991	\$ 47,327	\$ 50,078	\$ 57,197	\$ 42,602	\$ 31,415	\$ 13,483
Total School Facilities		<u>\$ 26,050</u>	<u>\$ 73,563</u>	<u>\$ 54,913</u>	<u>\$ 85,991</u>	<u>\$ 47,327</u>	<u>\$ 50,078</u>	<u>\$ 57,197</u>	<u>\$ 42,602</u>	<u>\$ 31,415</u>	<u>\$ 13,483</u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Insurance Schedule
 As of June 30, 2021
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
General, Employee Benefits and Automobile Liability, Abuse or Molestation and Real Property, Liability and Fire	\$ 100,000.00	\$ 2,500.00
Auto Physical Damage	100,000.00	1,000.00
School Leaders Professional Liability	300,000.00	5,000.00
Employment Practices Liability Policy	300,000.00	5,000.00
IEP Hearing	100,000.00	5,000.00
CrisisFund	25,000.00	N/A

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Borough of Chesilhurst School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2021. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and the State of New Jersey Circular 15-08-OMB, 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 School 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 Borough of Chesilhurst School District's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Chesilhurst School District's, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the New Jersey Circular 15-08-OMB and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding 2021-006. Our opinion on each major federal and state program is not modified with respect to these matters.

The Borough of Chesilhurst School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The Borough of Chesilhurst School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Borough of Chesilhurst School District's, in the County of Camden, State of New Jersey, 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 School 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 State of New Jersey Circular 15-08-OMB, 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 Borough of Chesilhurst's School 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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding 2021-006, that we consider to be a material weakness.

The Borough of Chesilhurst School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The Borough of Chesilhurst School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
February 3, 2022

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2021

<u>Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Additional</u> <u>Award</u> <u>Identification</u>	<u>Federal</u> <u>FAIN</u> <u>Number</u>	<u>Pass-Through</u> <u>Entity Identifying</u> <u>Number</u>	<u>Program or</u> <u>Award</u> <u>Amount</u>	<u>Local</u> <u>Match</u>	<u>Grant Period</u>	
							<u>From</u>	<u>To</u>
Special Revenue Fund:								
U.S. Department of Treasury:								
Passed-through State Department of Education:								
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19	S425D200027	N/A	\$ 15,332.00	N/A	3-1-20	12-31-20

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

These funds were not audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), since the total of all grant award expenditures was less than \$750,000.00.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2021

<u>Balance June 30, 2020</u>					<u>Budgetary Expenditures</u>				<u>Balance June 30, 2021</u>		
<u>Unearned Revenue (Accounts Receivable)</u>	<u>Due to Grantor</u>	<u>Cash Received</u>	<u>Adjustments</u>	<u>Repayment of Prior Years' Balances</u>	<u>Pass-Through Funds</u>	<u>Direct Funds</u>	<u>Total Budgetary Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>
\$ -	\$ -	\$ 15,332.00	\$ -	\$ -	\$ 12,728.64	\$ -	\$ 12,728.64	\$ -	\$ -	\$ -	\$ 2,603.36

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2021

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Matching</u>	<u>Grant Period</u>		<u>Balance June 30, 2020</u>	
				<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>
General Fund:							
State Department of Education:							
Equalization Aid	21-495-034-5120-078	\$ 1,533,518.00	N/A	7-1-20	6-30-21		
Equalization Aid	20-495-034-5120-078	1,533,518.00	N/A	7-1-19	6-30-20	\$(150,716.00)	
Special Education Categorical Aid	21-495-034-5120-089	95,861.00	N/A	7-1-20	6-30-21		
Special Education Categorical Aid	20-495-034-5120-089	95,861.00	N/A	7-1-19	6-30-20	(9,421.00)	
Security Aid	21-495-034-5120-084	50,877.00	N/A	7-1-20	6-30-21		
Security Aid	20-495-034-5120-084	50,877.00	N/A	7-1-19	6-30-20	(5,000.00)	
Adjustment Aid	21-495-034-5120-085	280,307.00	N/A	7-1-20	6-30-21		
Adjustment Aid	20-495-034-5120-085	489,246.00	N/A	7-1-19	6-30-20	(48,084.00)	
Total State Aid - Public						(213,221.00)	\$ -
Transportation Aid	21-495-034-5120-014	170,166.00	N/A	7-1-20	6-30-21		
Transportation Aid	20-495-034-5120-014	170,166.00	N/A	7-1-19	6-30-20	(16,724.00)	
Additional NP School Transportation Aid	21-495-034-5120-014	2,900.00	N/A	7-1-20	6-30-21		
Total Transportation Aid						(16,724.00)	-
Extraordinary Aid	21-495-034-5120-044	41,017.00	N/A	7-1-20	6-30-21		
Extraordinary Aid	20-495-034-5120-044	28,803.00	N/A	7-1-19	6-30-20	(28,803.00)	
Total Extraordinary Aid						(28,803.00)	-
Total General Fund						(258,748.00)	-
Special Revenue Fund:							
State Department of Education:							
Preschool Education Aid	21-495-034-5120-086	20,478.00	N/A	7-1-20	6-30-21		
Preschool Education Aid	20-495-034-5120-086	20,136.00	N/A	7-1-19	6-30-20	(4.00)	
Total Special Revenue Fund						(4.00)	-
Total State Financial Assistance						\$(258,752.00)	\$ -

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2021

<u>Cash Received</u>	<u>Adjustments</u>	<u>Total Budgetary Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Balance June 30, 2021</u>			<u>Memo</u>	
				<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable June 30, 2021</u>	<u>Cumulative Total Expenditures</u>
\$ 1,380,551.82		\$ 1,533,518.00		\$ (152,966.18)			\$ (152,966.18)	\$ 1,533,518.00
150,716.00								
86,296.45		95,861.00		(9,564.55)			(9,564.55)	95,861.00
9,421.00								
45,800.74		50,877.00		(5,076.26)			(5,076.26)	50,877.00
5,000.00								
252,339.33		280,307.00		(27,967.67)			(27,967.67)	280,307.00
48,084.00								
1,978,209.34	\$ -	1,960,563.00	\$ -	(195,574.66)	\$ -	\$ -	(195,574.66)	1,960,563.00
153,187.66		170,166.00		(16,978.34)			(16,978.34)	170,166.00
16,724.00								
		2,900.00		(2,900.00)				2,900.00
169,911.66	-	173,066.00	-	(19,878.34)	-	-	(16,978.34)	173,066.00
		41,017.00		(41,017.00)				41,017.00
28,803.00								
28,803.00	-	41,017.00	-	(41,017.00)	-	-	-	41,017.00
2,176,924.00	-	2,174,646.00	-	(256,470.00)	-	-	(212,553.00)	2,174,646.00
18,394.00		20,478.00		(2,084.00)			(2,084.00)	
2,014.00					2,010.00			
20,408.00	-	20,478.00	-	(2,084.00)	2,010.00	-	(2,084.00)	-
\$ 2,197,332.00	\$ -	\$ 2,195,124.00	\$ -	\$ (258,554.00)	\$ 2,010.00	\$ -	\$ (214,637.00)	\$ 2,174,646.00

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Borough of Chesilhurst School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, except for programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and proprietary fund (enterprise – food service) 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance (Cont'd)**

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$17,392.00 for the general fund, (\$70.00) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance revenues reported in the School District's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,192,038.00	\$ 2,192,038.00
Special Revenue	\$ 12,728.64	20,408.00	33,136.64
GAAP Basis Revenues	<u>12,728.64</u>	<u>2,212,446.00</u>	<u>2,225,174.64</u>
GAAP Adjustments:			
State Aid Payments	<u> </u>	<u>(17,322.00)</u>	<u>(17,322.00)</u>
Total Awards and Financial Assistance Expended	<u>\$ 12,728.64</u>	<u>\$ 2,195,124.00</u>	<u>\$ 2,207,852.64</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? x yes no
Significant deficiency(ies) identified? yes x none reported
Noncompliance material to financial statements noted? x yes no

Federal Awards N/A - Not Required

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? yes no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Multiple rows of blank lines for data entry.

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? yes no

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes no

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

Finding No. 2021-001

Criteria or Specific Requirement

A School District must complete the District Report of Transported Resident Students (DRTRS) report in accordance with the instructions provided by the Office of School and Finance, Department of Education. School Districts must complete a set of workpapers, which document the compilation of data and provides an audit trail for testing the students reported on the DRTRS report. Data from the DRTRS is used in the calculation of transportation aid.

Condition

Our examination of the District Report of Transported Resident Students (DRTRS) revealed reported students who could not be traced to attendance records and documentation that did not support the School District's classifications.

Questioned Costs

None

Context

Our test of the School District's DRTRS report and supporting documentation including attendance records disclosed the following:

1. Seven students, classified as aid-in-lieu non-public, could not be traced to supporting documentation.
2. One student, classified as transported non-public, could not be traced to supporting documentation.
3. One student, classified as Out-of-District Public School Students without Special Transportation Needs could not be traced to an attendance record.

Effect or Potential Effect

The number of differences could not be verified and may have an impact on the District's Transportation Aid allocation.

Cause

A breakdown in internal controls over the reporting the number of students on the District Report of Transported Resident Students (DRTRS) report.

Recommendation

That the District Report of Transported Resident Students (DRTRS) report students who can be traced to attendance records and retain documentation that supports the District's classifications.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-002

Criteria or Specific Requirement

Per the School District Audit Program, "Districts are required to maintain their accounting records for required maintenance at the school facility level and will be required to have available the expenditure records, detailed by school facility, for verification by the district auditor."

Condition

The School District did not charge expenditures for required maintenance in accordance with the school facility system maintenance categories as provided by the Office of School Facilities.

Context

During our testing of expenditures, we noted fourteen expenditures incorrectly charged to required maintenance.

Effect or Potential Effect

Improper reporting of required maintenance expenditures as required by the Office of School Facilities.

Cause

Unknown

Recommendation

The District should ensure that only allowable charges meeting the specified criteria in the school facility system maintenance categories as provided by the Office of School Facilities are charged to required maintenance.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-003

Criteria or Specific Requirement

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the capital reserve account cannot at any time exceed the local support costs of uncompleted capital projects in its approved Long Range Facility Plan.

Condition

The School District was unable to provide a Long Range Facility Plan to substantiate the balance in the capital reserve.

Questioned Costs

None

Context

As of June 30, 2021, the School District had \$681,218.65 in its capital reserve.

Effect or Potential Effect

Lack of compliance with N.J.A.C. 6A:23A-14.1(g)

Cause

Unknown

Recommendation

The School District should ensure that a Long Range Facility Plan is maintained to support the balance in its capital reserve or consider liquidating the capital reserve to be in compliance with N.J.A.C. 6A:23A-14.1(g).

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-004

Criteria or Specific Requirement

Per the School District Audit Program, "The board of education shall ensure the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate the excess in the subsequent year's budget."

Condition

The School District's balance in the maintenance reserve exceeded four percent of the replacement cost of the School District's school facilities and did not designate the excess in the subsequent year's budget.

Questioned Costs

None

Context

As of June 30, 2021, the School District had \$837,121.07 in its maintenance reserve and four percent of the replacement cost of the School District's school facilities is \$97,539.28.

Effect or Potential Effect

Lack of compliance with the School District Audit Program.

Cause

Unknown

Recommendation

The School District should designate the excess in the School District's maintenance reserve in the subsequent year's budget to be in compliance with the School District Audit Program.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-005

Criteria or Specific Requirement

Per N.J.A.C. 6A:26-12.4(j), "District boards of education may request an exemption from the testing requirements set forth if they can demonstrate that they do not use any drinking water outlets for consumption or food preparation in any of their facilities."

Condition

The School District did not comply with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Questioned Costs

None

Context

As of June 30, 2021, the School District had not requested the applicable exemption.

Effect or Potential Effect

Lack of compliance with the N.J.A.C. 6A:26-12.4(j).

Cause

Unknown

Recommendation

The School District must take immediate appropriate action to comply with N.J.A.C. 6A:26-1.2 and 12.4 by requesting an exemption from lead testing requirements related to drinking water.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2021

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-006

Criteria or Specific Requirement

Per N.J.A.C. 6A:23A-16.2(f), a School District shall adopt a chart of accounts prepared in conformity with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Per N.J.S.A. 18A:19-3, all claims and demands, that equal or exceed 15% of the bid threshold amount established pursuant to N.J.S.18A:18A-3, except for payrolls and debt service, shall be verified by affidavit, or by a signed declaration in writing.

Per N.J.S.A. 52:32-44, a contractor shall provide the contracting agency with the business registration of the contractor.

Good internal controls require a School District maintain supporting documentation for all expenditures to ensure good and services were received and proper expenditure of School District monies.

Condition

During our audit, we noted that the internal controls over expenditures were insufficient to ensure proper financial statement reporting and compliance with New Jersey statutory requirements.

Questioned Costs

Known questioned costs as a result of expenditures without documentation are \$18,851.57. Likely questioned costs as a result of projection calculations are \$11,056.00.

Context

During our testing of expenditures, we noted the following:

- Thirteen instances where the School District did not have supporting documentation for an expenditure.
- Nine instances where the School District made payments that were not approved in the minutes.
- Five instances where the School District charged an incorrect budget account.

We also noted that the School District failed to obtain business registration certificates, receiving signatures and claimant signatures on purchase orders.

Effect or Potential Effect

Lack of internal controls over expenditures could result in incorrect reporting of financial statements and non-compliance with statutory requirements.

Cause

Unknown

Recommendation

That the School District improve its internal controls over the proper charging of expenditure and ensuring compliance with New Jersey statutory requirements.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2021

Section 3- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

Finding No. 2021-006

Information on the State Program

State Aid Public:

Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084
Adjustment Aid	G.M.I.S. No. 495-034-5120-085

Criteria or Specific Requirement

Per N.J.A.C. 6A:23A-16.2(f), a School District shall adopt a chart of accounts prepared in conformity with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Per N.J.S.A. 18A:19-3, all claims and demands, that equal or exceed 15% of the bid threshold amount established pursuant to N.J.S.18A:18A-3, except for payrolls and debt service, shall be verified by affidavit, or by a signed declaration in writing.

Per N.J.S.A. 52:32-44, a contractor shall provide the contracting agency with the business registration of the contractor.

Good internal controls require a School District maintain supporting documentation for all expenditures to ensure good and services were received and proper expenditure of School District monies.

Condition

During our audit, we noted that the internal controls over expenditures were insufficient to ensure proper financial statement reporting and compliance with New Jersey statutory requirements.

Questioned Costs

Known questioned costs as a result of expenditures without documentation are \$18,851.57. Likely questioned costs as a result of projection calculations are \$11,056.00.

Context

During our testing of expenditures, we noted the following:

- Thirteen instances where the School District did not have supporting documentation for an expenditure.
- Nine instances where the School District made payments that were not approved in the minutes.
- Five instances where the School District charged an incorrect budget account.

We also noted that the School District failed to obtain business registration certificates, receiving signatures and claimant signatures on purchase orders.

Effect or Potential Effect

Lack of internal controls over expenditures could result in incorrect reporting of financial statements and non-compliance with statutory requirements.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 3- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2021-006 (Cont'd)

Cause

Unknown

Identification as a Repeat Finding

N/A

Recommendation

That the School District improve its internal controls over the proper charging of expenditure and ensuring compliance with New Jersey statutory requirements.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and state financial assistance that are required to be reported in accordance with *Government Auditing Standards* and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

