

CHESTER SCHOOL DISTRICT

**Chester School District
Chester, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

**Chester School District
Board of Education**

Chester, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Chester School District
Board Office**

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INTRODUCTORY SECTION
UNAUDITED



Dr. Christina Van Woert
Superintendent of Schools

Tanya Dawson
School Business Administrator

October 18, 2021

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

Dear Honorable President and Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The Honorable President and Members of
the Board of Education
Chester School District
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October 18, 2021

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

(2) ENROLLMENT: The District completed the 2020-21 fiscal year with an enrollment of 1,045 students, which is 15 less students than the previous year's enrollment.

The District's highest enrollment of 1,457 was in the 2008-09 school year and has declined steadily from that. According to the Chester Borough Planning Board, there is little or no development planned, however, the selling housing market is strong so we expect enrollment to remain steady with no major fluctuations.

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

(4) MAJOR INITIATIVES: The district is focused on handling all of the new and unexpected challenges that the COVID-19 pandemic has presented that still linger as potential issues.. This includes a loss of consistency in instruction, assessment and program that no school district has ever experienced and that we are still working through the ramifications of including learning loss and delayed programming. To mitigate these circumstances, we have an entire team of administrators and instructional coaches working on diagnosing learning losses across all nine grade levels and formulating action plans to correct these deficiencies and continue to advance the academic achievements of our students. As a means for proactive planning, we will also be guiding the district's parents, faculty and community members through the Strategic Planning process beginning in January 2022. This will allow our community to plan for the post-pandemic future for our students in order to help them become the young adults we aspire for them to be.

MATH

Our math programs and curriculum are in alignment with the New Jersey Student Learning Standards. We use the Pearson Envision Program which offers a solid balance between virtual on-line teaching resources, along with hands-on strategies and materials. At our middle school grade levels, our students work through a sequence of courses called Pathways to Algebra. Students are offered standard grade level math, Algebra and/or Geometry. A math coach helps coordinate this program and assures that instruction and assessments are in keeping with our curriculum and standards. Our math curriculum remains in accordance with the 2016 New Jersey Student Learning Standards.

SCIENCE

Our district uses the STEM Scopes Science Program as offered by the Next Generation Science Standards and the National Science Foundation. The program is aligned to the New Jersey Student Learning Standards as well. This program offers a hands-on, constructivist approach to teaching science with an on-line research and learning platform. As per the State of New Jersey's new Students Learning Standards, we will be revising our math curriculum to remain in accordance with the 2020 NJSLs.

LANGUAGE ARTS/LITERACY

The district has a literacy coach who expertly implements our balanced literacy program in grades K – 8, with additional support at the middle school grades. Using a guided reading approach and an on-line reading inventory assessment, our teachers tailor lessons specifically to each student’s needs. We have also begun training our teachers on a rotating basis in the Orton-Gillingham approach to reading instruction to further allow for even more individualized reading instruction for our students. Our language arts/literacy curriculum remains in accordance with the 2016 New Jersey Student Learning Standards.

SOCIAL STUDIES

We have always had a strong focus on civics education across the district and the grade levels. We have worked especially hard to strengthen the connections between the community and municipal governments and the schools. While ensuring that all of our district curriculum is in alignment with the 2014 New Jersey Student Learning Standards, we have focused on making social studies and history come alive for our students to help promote the tenets of good and active citizenship. As per the State of New Jersey’s new Students Learning Standards, we will be revising our social studies curriculum to remain in accordance with the 2020 NJSLs.

TECHNOLOGY

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

FACILITIES

The District has continued to make it a priority to deposit excess funds in the Capital Reserve and Maintenance Reserve Accounts to ensure that the District’s infrastructure remains in good condition. Projects for the 2020-21 school year involved renovations to the gym at Black River Middle School, sidewalk repair and site improvements at all three schools and installation of roof safety equipment district wide. The District provides for the maintenance of the buildings in the annual budget. The district continues to pursue long range planning initiatives. Additionally, the District has been aggressive in addressing facility needs by continuing to engage in facilities planning along with following the Districts Long Range Facility Plan that was updated in February of 2020. Numerous capital projects and facilities improvements have resulted from these budget and facilities planning activities.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

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

(8) FINANCIAL POLICIES: As a result of the current economic situation, the District has put policies in place to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase. The District utilizes shared services, purchasing cooperatives, state contracts and bids to purchase the materials needed to operate the District at the most fiscally responsible cost to the taxpayers.

In accordance with statute, code, and policy, a double entry encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations in the fund balance at June 30.

(9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey, where the funds are secured in accordance with the Act.

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

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

The Honorable President and Members of
the Board of Education
Chester School District
Page 5
October 18, 2021

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

Respectfully submitted,

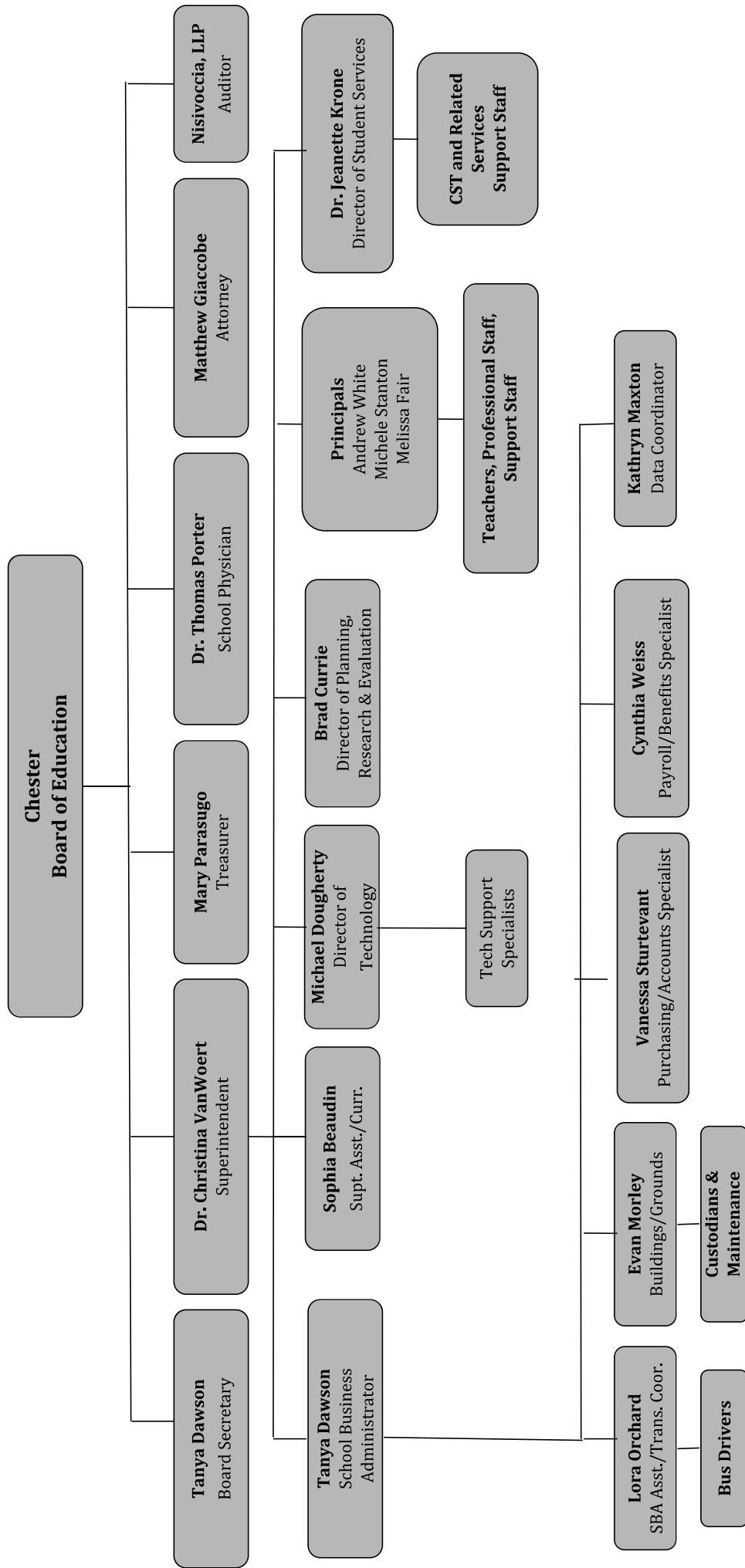
Christina Van Woert

Christina Van Woert, Ed. D.
Superintendent of Schools

Tanya Dawson

Tanya Dawson
School Business Administrator/Board Secretary

Chester Public Schools Organization Chart 2020-2021



**CHESTER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Tomasco - President	2021
Amy Collins - Vice President	2022
Rebekah Forlenza - Trustee	2023
Carolyn Kleppe-Collins - Trustee	2021
Christopher Lowry - Trustee	2023
Heather Ronco - Trustee	2022
William Webster - Trustee	2023
Kerri Wright - Trustee	2022
Sara Kalashian - Trustee	2021

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

CHESTER SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depository

Valley National Bank
2 Main Street
Chester, NJ 07930

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Chester School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District, in the County of Morris, as of June 30, 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 Matters

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

October 18, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This section of the Chester School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

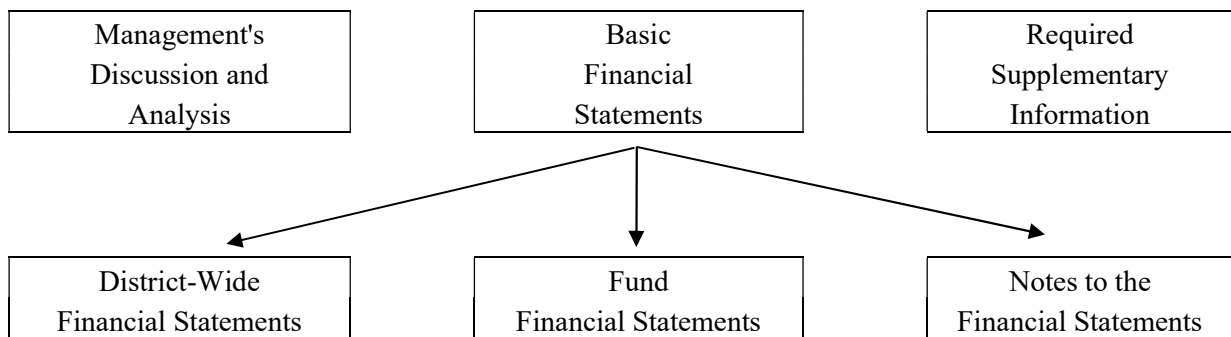


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Basic Financial Statements:

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by \$474,709. Net position from governmental activities decreased by \$468,269 and net position from business-type activities decreased by \$6,440. Net investment in capital assets decreased by \$1,339,985, restricted net position increased by \$582,862, and unrestricted net position increased by \$282,414.

Figure A-3

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/2021
	(Restated)				(Restated)		
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Assets:							
Current and Other Assets	\$ 8,134,686	\$ 7,346,479	\$ 136,448	\$ 155,464	\$ 8,271,134	\$ 7,501,943	
Capital Assets, Net	20,016,367	21,881,925	115,693	100,376	20,132,060	21,982,301	
Total Assets	28,151,053	29,228,404	252,141	255,840	28,403,194	29,484,244	-3.67%
Deferred Outflows of Resources	1,860,306	2,230,969			1,860,306	2,230,969	-16.61%
Liabilities:							
Other Liabilities	584,751	502,931	31,311	28,570	616,062	531,501	
Long-Term Liabilities	18,992,432	20,166,777			18,992,432	20,166,777	
Total Liabilities	19,577,183	20,669,708	31,311	28,570	19,608,494	20,698,278	-5.27%
Deferred Inflows of Resources	2,006,804	1,894,024			2,006,804	1,894,024	5.95%
Net Position:							
Net Investment in Capital Assets	7,432,935	8,788,237	115,693	100,376	7,548,628	8,888,613	
Restricted	6,903,066	6,320,204			6,903,066	6,320,204	
Unrestricted/(Deficit)	(5,908,629)	(6,212,800)	105,137	126,894	(5,803,492)	(6,085,906)	
Total Net Position	\$ 8,427,372	\$ 8,895,641	\$ 220,830	\$ 227,270	\$ 8,648,202	\$ 9,122,911	-5.20%

Changes in Net Position. The District's combined net position was \$8,648,202 on June 30, 2021, a decrease of \$474,709 or 5.20% less than it was the year before (See Figure A-3). Net Investment in Capital Assets decreased primarily due to \$2,233,297 in depreciation expense and new capital leases of \$193,422; offset by the maturity of \$720,000 of serial bonds payable, payment of \$71,227 in capital leases and \$383,056 in capital assets additions. Restricted net position increased primarily due to the increase in capital reserve and excess surplus. The unrestricted net position increased due primarily to an increase in unassigned General Fund fund balance as a result of the increase of the ceiling from 2% to 4%.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percent- age Change
	2020/2021	2020/2021	2019/2020	2019/2020	2020/2021	2019/2020	2020/2021
Revenue:							
Program Revenue:							
Charges for Services	\$ 367,473	\$ 12,844	\$ 325,541	\$252,626	\$ 380,317	\$ 578,167	
Operating Grants and Contributions	7,502,176	212,259	6,771,384	58,899	7,714,435	6,830,283	
General Revenue:							
Property Taxes	22,014,626		21,729,965		22,014,626	21,729,965	
Unrestricted State and Federal Aid	62,449		62,341		62,449	62,341	
Other	25,509	64	267,658	2,183	25,573	269,841	
Total Revenue	29,972,233	225,167	29,156,889	313,708	30,197,400	29,470,597	2.47%
Expenses:							
Instruction	15,952,045		16,173,069		15,952,045	16,173,069	
Pupil and Instruction Services	6,324,556		4,490,072		6,324,556	4,490,072	
Administrative and Business	2,756,120		2,904,212		2,756,120	2,904,212	
Maintenance and Operations	2,734,687		2,477,509		2,734,687	2,477,509	
Transportation	1,916,320		1,833,796		1,916,320	1,833,796	
Other	659,889	260,247	833,857	309,691	920,136	1,143,548	
Total Expenses	30,343,617	260,247	28,712,515	309,691	30,603,864	29,022,206	5.45%
Other Items/Transfers	(96,885)	28,640			(68,245)		-100.00%
Change in Net Position	\$ (468,269)	\$ (6,440)	\$ 444,374	\$ 4,017	\$ (474,709)	\$ 448,391	-205.87%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased during the course of the year. Maintaining existing programs for regular pupil enrollment and the provision of special programs and services for disabled pupils place great demands on the District's resources. Additionally, there were increased expense related to cleaning and purchase of personal protective equipment as a result of the pandemic.

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

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

Figure A-5

	Net Cost of Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2020/2021</u>	<u>2020/2021</u>	<u>2019/2020</u>	<u>2019/2020</u>
Instruction	\$ 15,952,045	\$ 10,686,961	\$ 16,173,069	\$10,533,254
Pupil and Instruction Services	6,324,556	4,309,509	4,490,072	3,806,585
Administrative and Business	2,756,120	2,491,523	2,904,212	2,483,093
Maintenance and Operations	2,734,687	2,734,687	2,477,509	2,477,509
Transportation	1,916,320	1,622,700	1,833,796	1,563,213
Other	659,889	628,588	833,857	751,936
	<u>\$ 30,343,617</u>	<u>\$ 22,473,968</u>	<u>\$ 28,712,515</u>	<u>\$ 21,615,590</u>

Business-Type Activities

The District's business-type activities decreased by \$6,440 due to decreased sales as a result of the pandemic.

Financial Analysis of the District's Funds

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

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

General Fund Budgetary Highlights

At the time these financial statements were prepared and audited, the District was in a good financial position and there were no significant factors bearing on the District's future. Additionally, although state funding remains unsure year to year, the District continues to maintain healthy reserves and strong educational programs despite this uncertainty.

Capital Assets

At year end, the District had \$20,132,060 of capital assets – a decrease of \$1,850,241 as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

Capital Assets (Cont'd)

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2020/2021
	Government Activities		Business-Type Activities		Total School District		
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Construction in Progress	\$ 105,500	\$ 105,500			\$ 105,500	\$ 105,500	0.00%
Site Improvements Buildings and	511,866	492,841			511,866	492,841	3.86%
Building Improvements	18,523,980	20,173,402	\$ 9,926	\$ 10,720	18,533,906	20,184,122	-8.18%
Machinery and Equipment	875,021	1,110,182	105,767	89,656	980,788	1,199,838	-18.26%
Total Capital Assets (Net of Depreciation)	<u>\$ 20,016,367</u>	<u>\$ 21,881,925</u>	<u>\$ 115,693</u>	<u>\$ 100,376</u>	<u>\$ 20,132,060</u>	<u>\$ 21,982,301</u>	-8.42%

During the current fiscal year, the District had capital additions of \$383,056 and depreciated \$2,233,297 of its capital assets.

Long-term Liabilities

At year-end, the District had \$18,992,432 in long term liabilities – a decrease of \$1,174,345 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

	Total School District		Percentage Change
	2020/2021	2019/2020	
	Serial Bonds Payable	\$ 13,305,000	
Net Pension Liability	4,469,935	5,030,087	-11.14%
Other Long-Term Liabilities	1,217,497	1,111,690	9.52%
Total Long-Term Liabilities	<u>\$ 18,992,432</u>	<u>\$ 20,166,777</u>	-5.82%

- The District continued to pay down its debt, which included retiring \$71,227 capital lease obligations and \$720,000 in serial bonds payable.
- The District entered into a new capital lease agreement for the purchase of technology equipment in the amount of \$193,422.
- There was a net increase of \$28,123 in compensated absences payable and a decrease in net pension liability of \$560,152.
- The District also amortized \$44,511 of unamortized bond premiums.

Factors Bearing on the District’s Future

At the time these financial statements were prepared and audited, the District was in a good financial position and there were no significant factors bearing on the District’s future. Additionally, although state funding remains unsure year to year, the District continues to maintain healthy reserves and strong educational programs despite this uncertainty.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,525,676	\$ 110,430	\$ 1,636,106
Receivables from State Government	142,494	1,394	143,888
Receivables from Federal Government	58,299	19,674	77,973
Receivables from Other Governments	6,062		6,062
Other Accounts Receivable	83,089		83,089
Inventories		4,950	4,950
Restricted Cash and Cash Equivalents	6,319,066		6,319,066
Capital Assets, Net:			
Construction in Progress	105,500		105,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	19,910,867	115,693	20,026,560
Total Assets	<u>28,151,053</u>	<u>252,141</u>	<u>28,403,194</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	910,331		910,331
Deferred Outflows Related to Pensions	949,975		949,975
Total Deferred Outflows of Resources	<u>1,860,306</u>		<u>1,860,306</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	350,648	3,819	354,467
Payable to State Government	1,862		1,862
Accrued Interest Payable	138,583		138,583
Unearned Revenue	93,658	27,492	121,150
Noncurrent Liabilities:			
Due Within One Year	869,872		869,872
Due Beyond One Year	18,122,560		18,122,560
Total Liabilities	<u>19,577,183</u>	<u>31,311</u>	<u>19,608,494</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,006,804		2,006,804
Total Deferred Inflows of Resources	<u>2,006,804</u>		<u>2,006,804</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,432,935	115,693	7,548,628
Restricted for:			
Capital Projects	5,116,171		5,116,171
Maintenance Reserve	994,016		994,016
Excess Surplus	550,000		550,000
Unemployment Compensation	132,457		132,457
Student Activities	110,422		110,422
Unrestricted/(Deficit)	<u>(5,908,629)</u>	<u>105,137</u>	<u>(5,803,492)</u>
Total Net Position	<u>\$ 8,427,372</u>	<u>\$ 220,830</u>	<u>\$ 8,648,202</u>

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

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 11,762,766	\$ 148,615	\$ 2,923,212	\$ (8,690,939)		\$ (8,690,939)
Special Education	3,035,298	125,768	1,864,647	(1,044,883)		(1,044,883)
Other Special Instruction	1,023,555		202,842	(820,713)		(820,713)
School Sponsored	130,426			(130,426)		(130,426)
Support Services:						
Tuition	196,066			(196,066)		(196,066)
Student and Instruction Related Services	6,128,490	93,090	1,921,957	(4,113,443)		(4,113,443)
General Administrative Services	565,699			(565,699)		(565,699)
School Administrative Services	1,344,037		264,597	(1,079,440)		(1,079,440)
Central Services	502,879			(502,879)		(502,879)
Administrative Information Technology	343,505			(343,505)		(343,505)
Plant Operations and Maintenance	2,734,687			(2,734,687)		(2,734,687)
Pupil Transportation	1,916,320		293,620	(1,622,700)		(1,622,700)
Special Schools	128,078		31,301	(96,777)		(96,777)
Interest on Long-Term Debt	473,353			(473,353)		(473,353)
Capital Outlay	58,458			(58,458)		(58,458)
Total Governmental Activities	30,343,617	367,473	7,502,176	(22,473,968)		(22,473,968)
Business-Type Activities:						
Food Service	260,247	12,844	212,259		\$ (35,144)	(35,144)
Total Business-Type Activities	260,247	12,844	212,259		(35,144)	(35,144)
Total Primary Government	\$ 30,603,864	\$ 380,317	\$ 7,714,435	(22,473,968)	(35,144)	(22,509,112)

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue, Transfers and Other Items:			
Property Taxes, Levied for General Purposes	\$ 22,014,626		\$ 22,014,626
Federal, State and Local Aid not Restricted	62,449		62,449
Interest Earnings	2,530	64	2,594
Miscellaneous Income	22,979		22,979
Other Items:			
Refund of Prior Year Revenue	(17,192)		(17,192)
Cancellation of Prior Year Accounts Receivable	(51,053)		(51,053)
Transfers	(28,640)	28,640	
	22,005,699	28,704	22,034,403
Total General Revenues, Transfers and Other Items			
Change in Net Position	(468,269)	(6,440)	(474,709)
Net Position - Beginning (Restated)	8,895,641	227,270	9,122,911
Net Position - Ending	\$ 8,427,372	\$ 220,830	\$ 8,648,202

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

FUND FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,488,496	\$ 37,180		\$ 1,525,676
Receivables From Federal Government		58,299		58,299
Receivables From State Government	142,494			142,494
Receivables From Other Government	6,062			6,062
Other Account Receivables	49,048	34,041		83,089
Restricted Cash and Cash Equivalents	6,242,644	76,422		6,319,066
Total Assets	\$ 7,928,744	\$ 205,942	\$ -0-	\$ 8,134,686
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Payable to State Government		\$ 1,862		\$ 1,862
Accounts Payable	\$ 14,828			14,828
Unearned Revenue		93,658		93,658
Total Liabilities	14,828	95,520	-	110,348
Fund Balances:				
Restricted:				
Excess Surplus for 2022-2023	350,000			350,000
Excess Surplus for 2021-2022	200,000			200,000
Capital Reserve	5,116,171			5,116,171
Maintenance Reserve	994,016			994,016
Unemployment Compensation	132,457			132,457
Student Activities		110,422		110,422
Assigned:				
Designated for Subsequent Year's Expenditures	149,649			149,649
Other Purposes	103,467			103,467
Unassigned	868,156			868,156
Total Fund Balances	7,913,916	110,422	-	8,024,338
Total Liabilities and Fund Balances	\$ 7,928,744	\$ 205,942	\$ -0-	\$ 8,134,686

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances - Governmental Funds (Above)	\$ 8,024,338
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	20,016,367
Long-Term Liabilities, including Bonds Payable, Compensated Absences Payable and Leases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(14,129,721)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(138,583)
Bond Premiums are reported as revenue in the Governmental Funds.	(392,776)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	910,331
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(4,469,935)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	614,155
Deferred Inflows	(2,006,804)
	614,155
	(2,006,804)
Net Position of Governmental Activities	\$ 8,427,372

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

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 20,857,026		\$ 1,157,600	\$ 22,014,626
Tuition from Individuals	148,615			148,615
Tuition from Other LEAs	125,768			125,768
Interest on Capital Reserve	2,023			2,023
Interest on Maintenance Reserve	507			507
Restricted Miscellaneous Revenue	20,802	\$ 93,090		113,892
Unrestricted Miscellaneous Revenue	2,177	12,078		14,255
Total - Local Sources	21,156,918	105,168	1,157,600	22,419,686
State Sources	5,483,313	170,215		5,653,528
Federal Sources		573,375		573,375
Total Revenue	26,640,231	848,758	1,157,600	28,646,589
EXPENDITURES				
Current:				
Regular Instruction	6,666,486	384,354		7,050,840
Special Education Instruction	1,609,724	336,289		1,946,013
Other Special Instruction	490,813			490,813
School Sponsored/Other Instruction	106,530			106,530
Support Services and Undistributed Costs:				
Tuition	196,066			196,066
Student & Instruction Related Services	2,652,145	85,626		2,737,771
General Administrative Services	454,924			454,924
School Administrative Services	810,032			810,032
Central Services	379,086			379,086
Administration Information Technology	265,642			265,642
Plant Operations and Maintenance	2,268,860			2,268,860
Pupil Transportation	1,694,072			1,694,072
Unallocated Benefits	7,744,079			7,744,079
Debt Service:				
Principal			720,000	720,000
Interest and Other Charges			437,600	437,600
Capital Outlay	634,842			634,842
Special Schools	82,000			82,000
Total Expenditures	26,055,301	806,269	1,157,600	28,019,170
Excess of Revenue over Expenditures	584,930	42,489		627,419

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES/(USES)				
Capital Leases (non-budgeted)	\$ 193,422			\$ 193,422
Refund of Prior Year Revenue	(17,192)			(17,192)
Cancellation of Prior Year Accounts Receivable	(51,053)			(51,053)
Capital Contribution - Food Service Fund	(4,690)			(4,690)
Total Other Financing Sources/(Uses)	120,487			120,487
Net Change in Fund Balances	705,417	\$ 42,489		747,906
Fund Balance — July 1 (Restated)	7,208,499	67,933		7,276,432
Fund Balance — June 30	<u>\$ 7,913,916</u>	<u>\$ 110,422</u>	<u>\$ -0-</u>	<u>\$ 8,024,338</u>

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

CHESTER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 747,906

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 depreciation and transfers differs from the capital asset additions in the period.

	Depreciation expense	\$ (2,219,974)	
	Capital assets additions	378,366	
	Capital assets transferred to business-type activities	<u>(23,950)</u>	
			(1,865,558)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (+) (28,123)

Proceeds from debt issues (i.e. capital leases) are an other financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. (-) (193,422)

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) 71,227

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) 720,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the interest paid exceeds the accrued interest the difference is an addition in the reconciliation (+); When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-). 7,285

The governmental funds report the effect of the deferred amount on refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-) (87,549)

Finally, the governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+) 44,511

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		560,152	
Changes in Deferred Outflows		(331,918)	
Changes in Deferred Inflows		<u>(112,780)</u>	

Change in Net Position of Governmental Activities (A-2) \$ (468,269)

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

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 110,430
Intergovernmental Accounts Receivable:	
State	1,394
Federal	19,674
Inventories	4,950
Total Current Assets	136,448
Non-Current Assets:	
Capital Assets	241,089
Less: Accumulated Depreciation	(125,396)
Total Non-Current Assets	115,693
Total Assets	252,141
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	3,819
Unearned Revenue:	
Prepaid Meals	27,041
Donated Commodities	451
Total Liabilities	31,311
<u>NET POSITION:</u>	
Investment in Capital Assets	115,693
Unrestricted	105,137
Total Net Position	\$ 220,830

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

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Non-Reimbursable Programs	\$ 5,048
Miscellaneous Revenue	7,796
Total Operating Revenue	12,844
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	103,116
Salaries	69,352
Benefits and Payroll Taxes	28,773
Supplies, Insurance & Other Costs	28,247
Management Fee	17,436
Depreciation Expense	13,323
Total Operating Expenses	260,247
Operating Loss	(247,403)
Non-Operating Income:	
Local Sources:	
Interest Income	64
State Sources:	
State School Lunch Program	797
COVID - Seamless Summer Option	9,432
Federal Sources:	
National School Lunch Program	483
COVID - Seamless Summer Option	181,667
Food Distribution Program	19,880
Total Non-Operating Income	212,323
Change in Net Position Before Other Items	(35,080)
Other Items:	
Board Contribution of Capital Assets	4,690
Capital Assets Transfer from Governmental Activities	23,950
Change in Net Position	(6,440)
Net Position - Beginning of Year	227,270
Net Position - End of Year	\$ 220,830

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

CHESTER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,098
Payments to Food Service Contractor	(216,999)
Payments to Suppliers	(2,131)
	(205,032)
Net Cash Used for Operating Activities	(205,032)
Cash Flows from Investing Activities:	
Interest Income	64
	64
Net Cash Provided by Investing Activities	64
Cash Flows from Noncapital Financing Activities:	
State Sources	8,935
Federal Sources	168,785
	177,720
Net Cash Provided by Noncapital Financing Activities	177,720
Net Decrease in Cash and Cash Equivalents	(27,248)
Cash and Cash Equivalents, July 1	137,678
Cash and Cash Equivalents, June 30	\$ 110,430
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (247,403)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,323
Food Distribution Program	19,880
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(1,078)
Increase in Accounts Payable	3,819
Decrease in Inventory	6,427
	6,427
Net Cash Used for Operating Activities	\$ (205,032)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,548 and utilized U.S.D.A. Commodities valued at \$19,880.

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Capital Projects Fund: The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for fiscal year ending June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 26,642,075	\$ 848,758
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	119,371	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(121,215)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 26,640,231	\$ 848,758
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,055,301	\$ 806,269
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,055,301	\$ 806,269

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

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

M. Accrued Salaries and Wages

The District does not allow employees, who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,913,916 General Fund fund balance at June 30, 2021, \$5,116,171 is restricted in a capital reserve; \$994,016 is restricted in a maintenance reserve; \$132,457 is restricted for unemployment compensation; \$200,000 is restricted for prior year excess in accordance with N.J.S.A.18A:7F (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; \$350,000 is restricted for current year excess in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$103,467 is assigned for year-end encumbrances and \$149,649 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year end June 30, 2022. The unassigned fund balance of \$868,156 is \$121,215 less than the actual unassigned fund balance on a budgetary basis due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2022.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 of \$110,422 is restricted for student activities.

Debt Service Fund: The Debt Service Fund has \$-0- restricted at June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as detailed above.

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

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions and for the deferred amount on the refundings at June 30, 2021.

The District had deferred inflows of resources related to pensions at June 30, 2021.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Q. Net Position: (Cont'd)

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

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

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

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

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$5,908,629 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, and net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund at June 30, 2021 for year-end encumbrances and for amounts designated for subsequent year's expenditures.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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

Deposits:

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Deposits: (Cont'd)

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

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.; 1977,c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking Accounts	\$ 1,636,106	\$ 6,319,066	\$ 7,955,172

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$7,955,172 and the bank balance was \$8,330,427. The District did not hold any investments during the fiscal year ended June 30, 2021.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020		\$ 4,912,489
Increased by:		
Deposit - Board Resolution June 23, 2020	\$ 535,228	
Unexpended Money Returned from Capital Outlay	46,831	
Interest Earnings	2,023	
		584,082
Decreased by:		
Budgeted Withdrawal	(175,900)	
Withdrawal by Board Resolution	(204,500)	
		(380,400)
Ending Balance, June 30, 2021		\$ 5,116,171

The balance in the capital reserve at June 30, 2021 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,028,127
Interest Earnings	507
Withdrawn by Board Resolution	<u>(34,618)</u>
Ending Balance, June 30, 2021	<u><u>\$ 994,016</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 105,500			\$ 105,500
Total Capital Assets Not Being Depreciated	<u>105,500</u>			<u>105,500</u>
Capital Assets Being Depreciated:				
Site Improvements	1,704,280	\$ 71,426		1,775,706
Buildings and Building Improvements	40,788,275	243,364	\$ 23,500	41,055,139
Machinery and Equipment	2,648,511	63,576	(47,450)	2,664,637
Total Capital Assets Being Depreciated	<u>45,141,066</u>	<u>378,366</u>	<u>(23,950)</u>	<u>45,495,482</u>
Governmental Activities Capital Assets	<u>45,246,566</u>	<u>378,366</u>	<u>(23,950)</u>	<u>45,600,982</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,211,439)	(52,401)		(1,263,840)
Buildings and Building Improvements	(20,614,873)	(1,916,286)		(22,531,159)
Machinery and Equipment	(1,538,329)	(251,287)		(1,789,616)
	<u>(23,364,641)</u>	<u>(2,219,974)</u>		<u>(25,584,615)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,881,925</u>	<u>\$ (1,841,608)</u>	<u>\$ (23,950)</u>	<u>\$ 20,016,367</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 196,567	\$ 4,690	\$ 23,950	\$ 225,207
Buildings and Building Improvements	15,882			15,882
	<u>212,449</u>	<u>4,690</u>	<u>23,950</u>	<u>241,089</u>
Less Accumulated Depreciation				
Machinery and Equipment	(106,911)	(12,529)		(119,440)
Buildings and Building Improvements	(5,162)	(794)		(5,956)
	<u>(112,073)</u>	<u>(13,323)</u>		<u>(125,396)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 100,376</u>	<u>\$ (8,633)</u>	<u>\$ 23,950</u>	<u>\$ 115,693</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	787,679
Special Education		255,017
Other Instruction		238,781
Student and Instruction Related Services		329,888
General Administrative Services		44,877
School Administrative Services		88,348
Central Services		43,778
Administrative Information Technology		22,449
Plant Operations and Maintenance		234,478
Pupil Transportation		174,679
		\$ 2,219,974

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$204,500 to the capital outlay accounts from capital reserve through an approved board resolution.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021	Balance Due Within One Year
Serial Bonds Payable	\$ 14,025,000		\$ 720,000	\$ 13,305,000	\$ 745,000
Unamortized Bond Premium	437,287		44,511	392,776	44,511
Obligations Under Capital Leases	66,568	\$ 193,422	71,227	188,763	70,871
Compensated Absences Payable	607,835	73,743	45,620	635,958	9,490
Net Pension Liability	5,030,087		560,152	4,469,935	
	\$ 20,166,777	\$ 267,165	\$ 1,441,510	\$ 18,992,432	\$ 869,872

A. Serial Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

A. Serial Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
Bond Refunding 2012	12/12/12	03/01/35	2.50%-4.00%	\$ 6,130,000
Bond Refunding 2013	01/15/13	03/01/30	2.20%-4.00%	7,175,000
				<u>\$ 13,305,000</u>

The current portion of bonds payable at June 30, 2021 is \$745,000 and the long-term portion is \$12,560,000.

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 745,000	\$ 415,750	\$ 1,160,750
2023	735,000	393,150	1,128,150
2024	770,000	371,275	1,141,275
2025	785,000	354,230	1,139,230
2026	820,000	336,480	1,156,480
2027-2031	4,715,000	1,238,350	5,953,350
2032-2035	4,735,000	362,100	5,097,100
	<u>\$ 13,305,000</u>	<u>\$ 3,471,335</u>	<u>\$ 16,776,335</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$44,511 and the long-term portion is \$348,265.

C. Bonds Authorized But Not Issued:

As of June 30, 2021 the District has no bonds authorized but not issued or bonded debt outstanding.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2021 is \$9,490 and the long-term portion is \$626,468.

The liability for vested compensated absences of the proprietary fund is recorded within that funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the Food Service Fund.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

E. Obligations Under Capital Leases:

The District has commitments to classroom sound system equipment under capital leases which expire in 2025. Of the \$331,542 of capital leases entered into by the District, \$142,779 has been liquidated as of June 30, 2021. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2022	\$ 76,669
June 30, 2023	41,678
June 30, 2024	41,679
June 30, 2025	<u>41,678</u>
Total future minimum lease payments	201,704
Less: amount representing interest	<u>(12,941)</u>
Present value of minimum representing interest	<u>\$ 188,763</u>

The current portion of the capital leases payable at June 30, 2021 is \$70,781 and the long term portion is \$117,892. The General Fund will be used to liquidate the capital leases payable.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$4,469,935. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$308,440 for 2021.

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

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

At June 30, 2021, the District reported a liability of \$4,469,935 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0274%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$184,403. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 145,010	
	2017	5.48		\$ 423,116
	2018	5.63		415,106
	2019	5.21		329,654
	2020	5.16		703,728
				<u>145,010</u>
Changes in Proportion	2016	5.57	2,562	
	2017	5.48		27,584
	2018	5.63	231,668	
	2019	5.21	739	
	2020	5.16		91,808
				<u>234,969</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(54,698)	
	2018	5.00	(50,730)	
	2019	5.00	12,277	
	2020	5.00	245,937	
			<u>152,786</u>	<u>-0-</u>
Difference Between Expected and Actual Experience	2016	5.57	4,401	
	2017	5.45	12,583	
	2018	5.63		15,808
	2019	5.21	25,199	
	2020	5.16	39,207	
			<u>81,390</u>	<u>15,808</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	335,820	
			<u>\$ 949,975</u>	<u>\$ 2,006,804</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (560,894)
2022	(511,366)
2023	(292,233)
2024	(118,174)
2025	(25,559)
	\$ (1,508,226)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,614,438	\$ 4,469,935	\$ 3,480,489

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$2,534,949 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,653,327.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$58,750,034. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0892%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2019.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>58,750,034</u>
Total	<u><u>\$ 58,750,034</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$3,653,327 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements. The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	<u>1,411,170,422</u>	
				<u>7,815,939,253</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		<u>7,520,890</u>
				<u>986,767,511</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	<u>965,582,162</u>	
				<u>656,175,235</u>
			<u><u>\$ 9,458,881,999</u></u>	<u><u>\$14,424,322,612</u></u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 69,008,796	\$ 58,750,034	\$ 50,231,855

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$11,132 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$22,683 for the fiscal year ended June 30, 2021.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

Discount Rate

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

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

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

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

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

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

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

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

NOTE 11. RISK MANAGEMENT

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

Property, Liability and Health Benefits - Insurance

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

The June 30, 2021 audit report is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

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

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s unemployment compensation restricted fund balance for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 62	\$ 60,945	\$ 40,205	\$ 132,457
2019-2020	1,735	31,134	31,383	111,655
2018-2019	2,111	35,523	30,317	110,169

NOTE 12. ECONOMIC DEPENDENCY

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

There are no interfund balances at June 30, 2021.

NOTE 14. DEFERRED COMPENSATION

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

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

AXA Equitable Life
Vanguard

VOYA Financial

NOTE 15. TAX CALENDAR

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 103,467	\$ -0-	\$ 103,467

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds	District Contribution	Total	Business- Type Activities
	General Fund	Subsequent to the Measurement Date	Governmental Activities	Proprietary Funds
Vendors	\$ 3,369		\$ 3,369	\$ 3,819
Due to State of New Jersey		\$ 335,820	335,820	
Payroll Deductions and Withholding	11,459		11,459	
	\$ 14,828	\$ 335,820	\$ 350,648	\$ 3,819

NOTE 18. TAX ABATEMENTS

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

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

The Borough of Chester recognized revenue in the amount of \$29,050 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2020 without the abatements would have been \$72,210 of which \$24,391 would have been for the local school tax.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance 6/30/20 as Previously Reported	Retroactive Adjustments	Balance 6/30/20 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 8,716,053	\$ 179,588	\$ 8,895,641
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	7,096,844	111,655	7,208,499
Special Revenue Fund:			
Fund Balance - June 30	-0-	67,933	67,933
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	111,655	(111,655)	-0-

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0249919462%	0.0260549859%	0.0261806325%	0.0257121922%	0.0279109700%	0.0279162622%	0.0274104959%
District's proportionate share of the net pension liability	\$ 4,679,176	\$ 5,848,822	\$ 7,753,952	\$ 5,985,387	\$ 5,495,531	\$ 5,030,087	\$ 4,469,935
District's covered employee payroll	\$ 1,720,864	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959	\$ 1,942,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.91%	334.05%	435.49%	322.44%	277.22%	257.83%	230.16%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 188,455	\$ 236,629	\$ 247,847	\$ 259,190	\$ 296,729	\$ 278,601	\$ 308,440
Contributions in relation to the contractually required contribution	(188,455)	(236,629)	(247,847)	(259,190)	(296,729)	(278,601)	(308,440)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959	\$ 1,942,100	\$ 2,158,754
Contributions as a percentage of covered employee payroll	10.76%	13.29%	13.35%	13.07%	15.21%	14.35%	14.29%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0869373492%	0.0868820200%	0.0881727943%	0.0910277955%	0.0895155416%	0.0891976480%	0.0892196016%
State's proportionate share of the net pension liability attributable to the District	\$ 46,465,184	\$ 54,913,147	\$ 69,362,334	\$ 61,374,222	\$ 56,947,865	\$ 54,741,439	\$ 58,750,034
District's covered employee payroll	\$ 8,760,972	\$ 8,960,972	\$ 9,167,632	\$ 9,281,180	\$ 9,441,138	\$ 9,450,364	\$ 9,639,371
State's proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	530.37%	612.80%	756.60%	661.28%	603.19%	579.25%	609.48%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 2,500,263	\$ 3,352,942	\$ 5,211,614	\$ 4,251,695	\$ 3,319,861	\$ 3,228,796	\$ 3,653,327
Contributions in relation to the contractually required contribution	<u>(745,674)</u>	<u>(705,946)</u>	<u>(988,083)</u>	<u>(1,318,248)</u>	<u>(1,754,302)</u>	<u>(1,956,928)</u>	<u>(2,534,949)</u>
Contribution deficiency/(excess)	<u>\$ 1,754,589</u>	<u>\$ 2,646,996</u>	<u>\$ 4,223,531</u>	<u>\$ 2,933,447</u>	<u>\$ 1,565,559</u>	<u>\$ 1,271,868</u>	<u>\$ 1,118,378</u>
District's covered employee payroll	\$ 8,960,972	\$ 8,960,972	\$ 9,167,632	\$ 9,441,138	\$ 9,450,364	\$ 9,639,371	\$ 9,756,204
Contributions as a percentage of covered employee payroll	8.32%	7.88%	10.78%	13.96%	18.56%	20.30%	25.98%

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

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

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 2,030,165	\$ 1,687,176	\$ 1,497,658
Interest Cost	1,428,220	1,658,553	1,535,275
Changes in Assumptions	(5,897,861)	(4,441,448)	535,900
Difference Between Expected and Actual Experiences		(4,337,700)	(5,259,810)
Member Contributions	38,496	35,769	32,705
Gross Benefit Payments	(1,045,453)	(1,034,924)	(1,103,317)
Net Change in Total OPEB Liability	(3,446,433)	(6,432,574)	(2,761,589)
Total OPEB Liability - Beginning	48,582,750	45,136,317	38,703,743
Total OPEB Liability - Ending	<u>\$ 45,136,317</u>	<u>\$ 38,703,743</u>	<u>\$ 35,942,154</u>
District's Covered Employee Payroll *	\$ 10,948,154	\$ 11,137,487	\$ 11,423,476
Total OPEB Liability as a Percentage of Covered Employee Payroll	412.27%	347.51%	314.63%

* - Covered payroll for the fiscal year ending June 30, 2019, 2018 and 2017 is based on the payroll on the June 30, 2018, 2017 and 2016 census data.

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

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,857,026		\$ 20,857,026	\$ 20,857,026	
Tuition from Individuals	165,000		165,000	148,615	\$ (16,385)
Tuition from Other LEAs	135,000		135,000	125,768	(9,232)
Transportation Fees from Other LEA's		\$ 15,000	15,000		(15,000)
Interest Earned on Capital Reserve	20,000		20,000	2,023	(17,977)
Interest Earned on Maintenance Reserve				507	507
Rents and Royalties	40,000		40,000		(40,000)
Other Restricted Miscellaneous Revenues	52,000		52,000	20,802	(31,198)
Unrestricted Miscellaneous Revenues	89,948	(15,000)	74,948	2,177	(72,771)
Total - Local Sources	21,358,974		21,358,974	21,156,918	(202,056)
State Sources:					
Categorical Special Education Aid	1,011,714	(62,132)	949,582	949,582	
Categorical Security Aid	62,405		62,405	62,405	
Categorical Transportation Aid	269,121		269,121	269,121	
Extraordinary Aid				84,231	84,231
Extraordinary Aid - Prior Year Excess				9,788	9,788
Non Public Transportation Aid				24,306	24,306
On-Behalf TPAF Pension Contribution (Non-Budgeted)				2,534,949	2,534,949
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				48,231	48,231
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				809,528	809,528
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,130	1,130
Reimbursed TPAF Social Security Contributions (non-budgeted)				691,886	691,886
Total State Sources	1,343,240	(62,132)	1,281,108	5,485,157	4,204,049
TOTAL REVENUES	22,702,214	(62,132)	22,640,082	26,642,075	4,001,993

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 413,995	\$ 672	\$ 414,667	\$ 413,677	\$ 990
Grades 1-5 - Salaries of Teachers	2,984,022	59,751	3,043,773	3,043,770	3
Grades 6-8 - Salaries of Teachers	2,613,360	(112,869)	2,500,491	2,500,490	1
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000	2,550	4,450
Purchased Professional - Educational Services	4,000	16,000	20,000	19,970	30
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	60,241	7,626	67,867	67,867	
Other Purchased Services (400-500 Series)	281,247	(79,871)	201,376	185,022	16,354
General Supplies	443,349	70,972	514,321	371,296	143,025
Textbooks	100,000	(74,000)	26,000	1,852	24,148
Other Objects	87,736	22,719	110,455	59,992	50,463
Total Regular Programs - Instruction	6,994,950	(89,000)	6,905,950	6,666,486	239,464
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	1,106,071	(61,695)	1,044,376	1,028,275	16,101
Other Salaries for Instruction	416,812	(6,000)	410,812	392,838	17,974
General Supplies	12,296		12,296	7,988	4,308
Total Resource Room/Resource Center	1,535,179	(67,695)	1,467,484	1,429,101	38,383
Preschool Handicapped - Part Time:					
Salaries of Teachers	123,198		123,198	114,675	8,523
Other Salaries for Instruction	53,544	11,750	65,294	65,025	269
General Supplies	4,501		4,501	923	3,578
Other Objects	2,500		2,500		2,500
Total Preschool Handicapped - Part Time	183,743	11,750	195,493	180,623	14,870
Total Special Education Instruction	1,718,922	(55,945)	1,662,977	1,609,724	53,253

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 317,036		\$ 317,036	\$ 306,054	\$ 10,982
General Supplies	7,813		7,813	4,809	3,004
Total Basic Skills/Remedial - Instruction	<u>324,849</u>		<u>324,849</u>	<u>310,863</u>	<u>13,986</u>
Bilingual Education - Instruction:					
Salaries of Teachers	198,436	\$ (23,938)	174,498	170,158	4,340
Other Salaries	2,500	1,000	3,500	3,193	307
Purchased Professional - Educational Services	4,000	1,000	5,000	4,617	383
General Supplies	2,430		2,430	1,982	448
Total Bilingual Education - Instruction	<u>207,366</u>	<u>(21,938)</u>	<u>185,428</u>	<u>179,950</u>	<u>5,478</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries of Teachers	116,858		116,858	54,824	62,034
General Supplies	23,228		23,228	3,758	19,470
Total School-Sponsored Cocurricular Activities - Instruction	<u>140,086</u>		<u>140,086</u>	<u>58,582</u>	<u>81,504</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	80,901		80,901	38,257	42,644
Purchased Services (300-500 Series)	9,000		9,000	1,097	7,903
Supplies and Materials	16,445		16,445	8,549	7,896
Other Objects	2,000		2,000	45	1,955
Total School-Sponsored Cocurricular Athletics - Instruction	<u>108,346</u>		<u>108,346</u>	<u>47,948</u>	<u>60,398</u>
Total Instruction	<u>9,494,519</u>	<u>(166,883)</u>	<u>9,327,636</u>	<u>8,873,553</u>	<u>454,083</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Handicapped - Within State	215,340		215,340	196,066	19,274
Total Undistributed Expenditures - Instruction:	<u>215,340</u>		<u>215,340</u>	<u>196,066</u>	<u>19,274</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 43,716	\$ (365)	\$ 43,351	\$ 41,517	\$ 1,834
Purchased Professional and Technical Services	5,500		5,500	5,500	
Other Purchased Services (400-500 Series)	28,450	203	28,653	21,005	7,648
Total Attendance and Social Work	<u>77,666</u>	<u>(162)</u>	<u>77,504</u>	<u>68,022</u>	<u>9,482</u>
Health Services:					
Salaries	249,202	16,203	265,405	265,291	114
Purchased Professional and Technical Services	33,450	(2,232)	31,218	31,155	63
Supplies and Materials	15,613	(529)	15,084	14,514	570
Other Objects	3,450		3,450	2,671	779
Total Health Services	<u>301,715</u>	<u>13,442</u>	<u>315,157</u>	<u>313,631</u>	<u>1,526</u>
Speech, OT, PT and Related Services:					
Salaries	351,956	(2,884)	349,072	349,072	
Purchased Professional - Educational Services	95,500	(1,500)	94,000	78,282	15,718
Supplies and Materials	2,177		2,177	1,042	1,135
Other Objects	615		615	500	115
Total Speech, OT, PT and Related Services	<u>450,248</u>	<u>(4,384)</u>	<u>445,864</u>	<u>428,896</u>	<u>16,968</u>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	50,000	23,883	73,883	71,720	2,163
Total Other Support Services - Students - Extraordinary Services	<u>50,000</u>	<u>23,883</u>	<u>73,883</u>	<u>71,720</u>	<u>2,163</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	340,545	(500)	340,045	325,272	14,773
Salaries of Secretarial and Clerical Assistants	48,639	833	49,472	49,472	
Supplies and Materials	13,215	(333)	12,882	2,297	10,585
Other Objects	2,504		2,504	1,222	1,282
Total Other Support Services - Guidance	<u>404,903</u>		<u>404,903</u>	<u>378,263</u>	<u>26,640</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	\$ 481,416	\$ (6,671)	\$ 474,745	\$ 464,377	\$ 10,368
Salaries of Secretarial and Clerical Assistants	55,067	500	55,567	55,530	37
Other Salaries	1,000	13,694	14,694	14,694	
Purchased Professional - Educational Services	22,000		22,000	15,848	6,152
Supplies and Materials	7,500		7,500	5,792	1,708
Other Objects	31,581	(16,419)	15,162	15,088	74
Total Other Support Services - Child Study Team	598,564	(8,896)	589,668	571,329	18,339
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	67,715	1,001	68,716	68,716	
Salaries of Other Professional Staff	30,000	(2,554)	27,446	25,404	2,042
Salaries of Secretarial and Clerical Assistants	18,964	1,553	20,517	20,517	
Other Salaries	18,500		18,500	17,686	814
Salaries of Facilitators, Math Coaches and Literacy Coaches	172,548		172,548	124,982	47,566
Other Purchased Services (400-500 Series)	5,125		5,125	4,722	403
Supplies and Materials	3,000		3,000	1,297	1,703
Other Objects	300		300	150	150
Total Improvement of Instructional Services	316,152		316,152	263,474	52,678
Educational Media Services/School Library:					
Salaries	200,073	(1,271)	198,802	171,740	27,062
Salaries of Technology Coordinators	223,487	1,550	225,037	225,037	
Other Purchased Services (400-500 Series)	3,582		3,582	3,581	1
Supplies and Materials	15,675	(279)	15,396	6,033	9,363
Other Objects	3,900		3,900	2,484	1,416
Total Educational Media Services/School Library	446,717		446,717	408,875	37,842

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 67,715	\$	\$ 67,715	\$ 66,715	\$ 1,000
Salaries of Secretarial and Clerical Assistants	18,964		18,964	16,803	2,161
Other Salaries	12,500		12,500	4,030	8,470
Purchased Professional - Educational Services	60,500		60,500	25,155	35,345
Other Purchased Services (400-500 Series)	50,600	(500)	50,100	34,317	15,783
Supplies and Materials	500	500	1,000	915	85
Total Instructional Staff Training Services	<u>210,779</u>		<u>210,779</u>	<u>147,935</u>	<u>62,844</u>
Support Services - General Administration:					
Salaries	258,673	15,000	273,673	258,678	14,995
Legal Services	25,000		25,000	21,921	3,079
Audit Fees	25,500		25,500	25,500	
Other Purchased Professional Services	5,000		5,000	650	4,350
Communications/Telephone	68,100		68,100	61,499	6,601
Other Purchased Services (400-500 Series)	92,953		92,953	85,242	7,711
General Supplies	2,000		2,000	1,186	814
BOE In-house Training/Meeting Supplies	4,000		4,000	248	3,752
Total Support Services - General Administration	<u>481,226</u>	<u>15,000</u>	<u>496,226</u>	<u>454,924</u>	<u>41,302</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	612,407	48,003	660,410	621,193	39,217
Salaries of Secretarial and Clerical Assistants	190,594	(3)	190,591	180,840	9,751
Other Purchased Services (400-500 Series)	3,500		3,500	3,500	3,500
Supplies and Materials	8,481		8,481	3,106	5,375
Other Objects	7,450		7,450	4,893	2,557
Total Support Services - School Administration	<u>822,432</u>	<u>48,000</u>	<u>870,432</u>	<u>810,032</u>	<u>60,400</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 307,556	\$ 8,000	\$ 315,556	\$ 308,868	\$ 6,688
Miscellaneous Purchased Services (400-500 Series Other Than 594)	61,113	3,955	65,068	62,701	2,367
Supplies and Materials	5,725	1,195	6,920	6,695	225
Miscellaneous Expenditures	1,000		1,000	822	178
Total Central Services	<u>375,394</u>	<u>13,150</u>	<u>388,544</u>	<u>379,086</u>	<u>9,458</u>
Administrative Information Technology:					
Salaries	207,977	30,000	237,977	206,215	31,762
Other Purchased Services	60,765	2,000	62,765	44,983	17,782
Supplies and Materials	27,000	(2,000)	25,000	13,847	11,153
Other Objects	2,500		2,500	597	1,903
Total Administrative Information Technology	<u>298,242</u>	<u>30,000</u>	<u>328,242</u>	<u>265,642</u>	<u>62,600</u>
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	398,330	(2,587)	395,743	371,541	24,202
General Supplies	21,770	37,205	58,975	46,238	12,737
Total Required Maintenance of School Facilities	<u>420,100</u>	<u>34,618</u>	<u>454,718</u>	<u>417,779</u>	<u>36,939</u>
Custodial Services:					
Salaries	713,720	99,111	812,831	803,105	9,726
Salaries of Non-Instructional Aides	47,066	(25,536)	21,530	18,873	2,657
Purchased Professional and Technical Services		27,000	27,000	24,766	2,234
Cleaning, Repair and Maintenance Services	120,690	(45,834)	74,856	60,008	14,848
Rental of Land & Building Other Than Lease Purchase Agreement	82,431		82,431	82,431	
Insurance	100,090		100,090	94,945	5,145
General Supplies	135,800	(21,100)	114,700	87,990	26,710
Energy (Natural Gas)	112,835	9,725	122,560	114,811	7,749
Energy (Electricity)	276,615	6,634	283,249	236,673	46,576
Other Objects	46,600		46,600	25,428	21,172
Total Custodial Services	<u>1,635,847</u>	<u>50,000</u>	<u>1,685,847</u>	<u>1,549,030</u>	<u>136,817</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Care and Upkeep of Grounds:					
Salaries	\$ 109,072		\$ 109,072	\$ 91,428	\$ 17,644
Cleaning, Repair and Maintenance Services	115,471		115,471	97,558	17,913
Total Care and Upkeep of Grounds	<u>224,543</u>		<u>224,543</u>	<u>188,986</u>	<u>35,557</u>
Security:					
Purchased Professional and Technical Services	132,800		132,800	113,065	19,735
Cleaning, Repair and Maintenance Services	4,000		4,000		4,000
General Supplies	5,000		5,000		5,000
Total Security	<u>141,800</u>		<u>141,800</u>	<u>113,065</u>	<u>28,735</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	121,797	\$ (37,161)	84,636	45,404	39,232
Salaries for Pupil Transportation (Btw Home & School) - Regular	100,500	(12,483)	88,017	88,016	1
Salaries for Pupil Transportation (Btw Home & School) - Special	35,411	14,494	49,905	49,899	6
Management Fee - ESC & CTSA Transportation Program	23,893		23,893	23,892	1
Cleaning, Repair and Maintenance Services	13,900	3,300	17,200	15,531	1,669
Rental Payments - School Buses	1,500	(1,100)	400		400
Contracted Services:					
Aid in Lieu Payments - Nonpublic School	61,200	1,800	63,000	49,312	13,688
Other Between Home and School - Vendors	16,160		16,160	4,125	12,035
Regular Students - Joint Agreements	1,235,712	14,266	1,249,978	1,249,977	1
Regular Students - ESCs	1,860		1,860	859	1,001
Special Education Students- ESC & CTSA	120,500	33,970	154,470	153,178	1,292
Miscellaneous Purchased Services - Transportation	17,177	(12,236)	4,941		4,941
Transportation Supplies	32,500	(3,000)	29,500	13,680	15,820
Miscellaneous Expenditures	500		500	199	301
Total Student Transportation Services	<u>1,782,610</u>	<u>1,850</u>	<u>1,784,460</u>	<u>1,694,072</u>	<u>90,388</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 304,051	\$	\$ 304,051	\$ 272,467	\$ 31,584
Other Retirement Contribution - PERS	287,016	28,868	315,884	308,440	7,444
Other Retirement Contribution - Regular		11,132	11,132	11,132	
Workmen's Compensation	124,241		124,241	113,576	10,665
Health Benefits	3,014,083	(40,000)	2,974,083	2,700,073	274,010
Tuition Reimbursement	50,000		50,000	45,891	4,109
Other Employee Benefits	213,267		213,267	206,776	6,491
Total Unallocated Benefits	<u>3,992,658</u>		<u>3,992,658</u>	<u>3,658,355</u>	<u>334,303</u>
On-Behalf and Reimbursed Benefits:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				2,534,949	(2,534,949)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				48,231	(48,231)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				809,528	(809,528)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,130	(1,130)
Reimbursed TPAF Social Security Contributions (non-budgeted)				691,886	(691,886)
Total On-Behalf and Reimbursed Benefits				<u>4,085,724</u>	<u>(4,085,724)</u>
Total Undistributed Expenses	13,246,936	216,501	13,463,437	16,464,906	(3,001,469)
TOTAL GENERAL CURRENT EXPENSE	<u>22,741,455</u>	<u>49,618</u>	<u>22,791,073</u>	<u>25,338,459</u>	<u>(2,547,386)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	38,300		38,300	24,650	13,650
Grades 6-8	26,540		26,540	12,145	14,395
Custodial Services		10,207	10,207	8,002	2,205
Undistributed Expenditures - Non-Instructional Services	16,100	(14,897)	1,203		1,203
Total Equipment	<u>80,940</u>	<u>(4,690)</u>	<u>76,250</u>	<u>44,797</u>	<u>31,453</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 3,000		\$ 3,000		\$ 3,000
Construction Services	253,182	\$ 204,500	457,682	\$ 338,165	119,517
Assessment for Debt Service on SDA Funding	58,458		58,458	58,458	
Total Facilities Acquisition and Construction Services	<u>314,640</u>	<u>204,500</u>	<u>519,140</u>	<u>396,623</u>	<u>122,517</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Administrative Information Technology - Equipment				193,422	(193,422)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>193,422</u>	<u>(193,422)</u>
TOTAL CAPITAL OUTLAY	<u>395,580</u>	<u>199,810</u>	<u>595,390</u>	<u>634,842</u>	<u>(39,452)</u>
Summer School - Instruction:					
Salaries of Teachers	157,315	(15,000)	142,315	73,481	68,834
Purchased Professional/Technical Services	16,335	(3,515)	12,820	1,225	11,595
General Supplies	4,000	3,515	7,515	7,294	221
Total Summer School - Instruction	<u>177,650</u>	<u>(15,000)</u>	<u>162,650</u>	<u>82,000</u>	<u>80,650</u>
TOTAL EXPENDITURES	<u>23,314,685</u>	<u>234,428</u>	<u>23,549,113</u>	<u>26,055,301</u>	<u>(2,506,188)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(612,471)	(296,560)	(909,031)	586,774	1,495,805
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				193,422	193,422
Refund of Prior Year Revenue				(17,192)	(17,192)
Cancellation of Prior Year Accounts Receivable				(51,053)	(51,053)
Capital Contribution - Food Service Fund		(4,690)	(4,690)	(4,690)	
Total Other Financing Sources/(Uses)		<u>(4,690)</u>	<u>(4,690)</u>	<u>120,487</u>	<u>125,177</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (612,471)	\$ (301,250)	\$ (913,721)	\$ 707,261	\$ 1,620,982
Fund Balance, July 1 (Restated)	<u>7,327,870</u>		<u>7,327,870</u>	<u>7,327,870</u>	
Fund Balance, June 30	<u>\$ 6,715,399</u>	<u>\$ (301,250)</u>	<u>\$ 6,414,149</u>	<u>\$ 8,035,131</u>	<u>\$ 1,620,982</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus for 2022-2023				\$ 350,000	
Excess Surplus for 2021-2022				200,000	
Capital Reserve				5,116,171	
Maintenance Reserve				994,016	
Unemployment Compensation				132,457	
Assigned:					
Year-End Encumbrances				103,467	
Designated for Subsequent Year's Expenditures				149,649	
Unassigned				989,371	
				<u>8,035,131</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(121,215)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 7,913,916</u>	

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 79,500	\$ 114,154	\$ 193,654	\$ 105,168	\$ (88,486)
State Sources	165,839	6,238	172,077	170,215	(1,862)
Federal Sources	397,805	243,113	640,918	573,375	(67,543)
Total Revenues	643,144	363,505	1,006,649	848,758	(157,891)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	111,763	18,879	130,642	121,710	8,932
Purchased Professional and Technical Services	156,379	66,909	223,288	210,469	12,819
Tuition	160,000	23,357	183,357	180,532	2,825
General Supplies	92,482	85,936	178,418	155,559	22,859
Textbooks	15,128	756	15,884	15,884	
Other Objects		37,321	37,321	36,489	832
Total Instruction	535,752	233,158	768,910	720,643	48,267
Support Services:					
Personal Services - Employee Benefits		16,399	16,399		16,399
Purchased Professional and Technical Services	17,560	19,501	37,061	22,947	14,114
Supplies and Materials	10,332	(4,439)	5,893		5,893
Other Objects	79,500	5,796	85,296	12,078	73,218
Student Activities		50,601	50,601	50,601	
Total Support Services	107,392	87,858	195,250	85,626	109,624
Total Expenditures	\$ 643,144	\$ 321,016	\$ 964,160	\$ 806,269	\$ 157,891
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ 42,489	\$ 42,489	\$ 42,489	\$ -0-

CHESTER 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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 26,642,075	\$ 848,758
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	119,371	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(121,215)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 26,640,231	\$ 848,758
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,055,301	\$ 806,269
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,055,301	\$ 806,269

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	IDEA Part B			
	Basic	Preschool	Carryover Basic	Carryover Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 280,008	\$ 24,829	\$ 29,678	\$ 1,774
Total Revenue	<u>280,008</u>	<u>24,829</u>	<u>29,678</u>	<u>1,774</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	32,695		315	
Purchased Professional/Technical Services	43,663	12,475		
Tuition	157,174		23,358	
General Supplies	46,476	12,354	6,005	1,774
Textbooks				
Other Objects				
Total Instruction	<u>280,008</u>	<u>24,829</u>	<u>29,678</u>	<u>1,774</u>
Support Services:				
Purchased Professional and Technical Services				
Other Objects				
Student Activities				
Total Support Services				
Total Expenditures	<u>\$ 280,008</u>	<u>\$ 24,829</u>	<u>\$ 29,678</u>	<u>\$ 1,774</u>

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activities	Digital Divide	Elementary and Secondary Education Act	Carryover	Title II
			Title I	Title I	
REVENUE:					
Local Sources	\$ 93,090				
State Sources		\$ 10,919	\$ 86,219	\$ 1,525	\$ 22,947
Federal Sources					
Total Revenue	93,090	10,919	86,219	1,525	22,947
EXPENDITURES:					
Instruction:					
Salaries of Teachers			78,935		
Purchased Professional/Technical Services					
Tuition					
General Supplies		10,919	7,284	1,525	
Textbooks					
Other Objects					
Total Instruction		10,919	86,219	1,525	
Support Services:					22,947
Purchased Professional and Technical Services					
Other Objects					
Student Activities	50,601				
Total Support Services	50,601				22,947
Total Expenditures	\$ 50,601	\$ 10,919	\$ 86,219	\$ 1,525	\$ 22,947

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic Auxiliary Services		CARES Emergency Relief	Coronavirus Relief Fund
	Textbook	Nursing		
REVENUE:				
Local Sources				
State Sources	\$ 15,884	\$ 26,520	\$ 82,292	\$ 33,184
Federal Sources				
Total Revenue	15,884	26,520	82,292	33,184
EXPENDITURES:				
Instruction:				
Salaries of Teachers			9,765	
Purchased Professional/Technical Services		26,520	108,459	
Tuition				
General Supplies			36,038	33,184
Textbooks	15,884		36,489	
Other Objects				
Total Instruction	15,884	26,520	82,292	33,184
Support Services:				
Purchased Professional and Technical Services				
Other Objects				
Student Activities				
Total Support Services				
Total Expenditures	\$ 15,884	\$ 26,520	\$ 82,292	\$ 33,184

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Chapter 193 Nonpublic Handicapped Aid				Local Grants	Totals
	Examination & Classification	Speech Correction	Supplemental Instruction			
REVENUE:						
Local Sources				\$ 12,078	\$	105,168
State Sources	\$ 6,688	\$ 6,836	\$ 5,828			170,215
Federal Sources						573,375
Total Revenue	6,688	6,836	5,828	12,078		848,758
EXPENDITURES:						
Instruction:						
Salaries of Teachers						121,710
Purchased Professional/Technical Services	6,688	6,836	5,828			210,469
Tuition						180,532
General Supplies						155,559
Textbooks						15,884
Other Objects						36,489
Total Instruction	6,688	6,836	5,828			720,643
Support Services:						
Purchased Professional and Technical Services				12,078		22,947
Other Objects						12,078
Student Activities						50,601
Total Support Services				12,078		85,626
Total Expenditures	\$ 6,688	\$ 6,836	\$ 5,828	\$ 12,078	\$	\$ 806,269

PROPRIETARY FUNDS

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 110,430
Intergovernmental Accounts Receivable:	
State	1,394
Federal	19,674
Inventories	4,950

Total Current Assets	<u>136,448</u>
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Non-Current Assets:

Capital Assets	241,089
Less: Accumulated Depreciation	<u>(125,396)</u>

Total Non-Current Assets	<u>115,693</u>
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Total Assets	<u>252,141</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	3,819
Unearned Revenue:	
Prepaid Meals	27,041
Donated Commodities	451

Total Liabilities	<u>31,311</u>
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NET POSITION:

Investment in Capital Assets	115,693
Unrestricted	<u>105,137</u>

Total Net Position	<u>\$ 220,830</u>
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CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales:	
Non-Reimbursable Programs	\$ 5,048
Miscellaneous Revenue	7,796
	<hr/>
Total Operating Revenue	12,844
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	103,116
Salaries	69,352
Benefits and Payroll Taxes	28,773
Supplies, Insurance and Other Costs	28,247
Management Fee	17,436
Depreciation Expense	13,323
	<hr/>
Total Operating Expenses	260,247
	<hr/>
Operating Loss	(247,403)
Non-Operating Income:	
Local Sources:	
Interest Income	64
State Sources:	
State School Lunch Program	797
COVID - Seamless Summer Option	9,432
Federal Sources:	
National School Lunch Program	483
COVID - Seamless Summer Option	181,667
Food Distribution Program	19,880
	<hr/>
Total Non-Operating Income	212,323
	<hr/>
Change in Net Position Before Other Items	(35,080)
Other Items:	
Board Contribution of Capital Assets	4,690
Capital Assets Transfer from Governmental Activities	23,950
	<hr/>
Change in Net Position	(6,440)
Net Position - Beginning of Year	227,270
	<hr/>
Net Position - End of Year	\$ 220,830
	<hr/> <hr/>

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,098
Payments to Food Service Contractor	(216,999)
Payments to Suppliers	(2,131)
	<hr/>
Net Cash Used for Operating Activities	(205,032)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	64
	<hr/>
Net Cash Provided by Investing Activities	64
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	8,935
Federal Sources	168,785
	<hr/>
Net Cash Provided by Noncapital Financing Activities	177,720
	<hr/>
Net Decrease in Cash and Cash Equivalents	(27,248)
	<hr/>
Cash and Cash Equivalents, July 1	137,678
	<hr/>
Cash and Cash Equivalents, June 30	\$ 110,430
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (247,403)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	13,323
Food Distribution Program	19,880
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(1,078)
Increase in Accounts Payable	3,819
Decrease in Inventory	6,427
	<hr/>
Net Cash Used for Operating Activities	\$ (205,032)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,548 and utilized U.S.D.A. Commodities valued at \$19,880.

LONG-TERM DEBT

CHESTER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2020	Matured	Balance June 30, 2021
			Date	Amount				
Refunding Bonds Series 2012	12/12/12	\$ 8,505,000	03/01/22	\$ 25,000	4.00%			
			03/01/23	35,000	2.50%			
			03/01/24	35,000	2.50%			
			03/01/25	35,000	2.50%			
			03/01/26	35,000	2.50%			
			03/01/27	40,000	2.50%			
			03/01/28	40,000	2.50%			
			03/01/29	40,000	2.50%			
			03/01/30	40,000	2.50%			
			03/01/31	1,070,000	3.00%			
			03/01/32	1,115,000	3.00%			
			03/01/33	1,160,000	3.00%			
			03/01/34	1,205,000	3.00%			
			03/01/35	1,255,000	3.00%	\$ 6,155,000	\$ 25,000	\$ 6,130,000
	Refunding Bonds Series 2013	01/15/13	8,250,000	03/01/22	720,000	3.00%		
			03/01/23	700,000	3.00%			
			03/01/24	735,000	2.20%			
			03/01/25	750,000	2.25%			
			03/01/26	785,000	2.30%			
			03/01/27	805,000	4.00%			
			03/01/28	845,000	4.00%			
			03/01/29	895,000	4.00%			
			03/01/30	940,000	4.00%			
						\$ 7,870,000	695,000	7,175,000
					\$ 14,025,000	\$ 720,000	\$ 13,305,000	

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

Purpose	Amount of Original Issue	Interest Rate	Balance July 1, 2020	Issued	Matured or Retired	Balance June 30, 2021
Technology Equipment	\$ 138,120	3.40%	\$ 66,568		\$ 32,728	\$ 33,840
Technology Equipment	193,422	3.00%		\$ 193,422	38,499	154,923
			<u>\$ 66,568</u>	<u>\$ 193,422</u>	<u>\$ 71,227</u>	<u>\$ 188,763</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,157,600		\$ 1,157,600	\$ 1,157,600	
Total Revenues	<u>1,157,600</u>		<u>1,157,600</u>	<u>1,157,600</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	437,600		437,600	437,600	
Redemption of Principal	<u>720,000</u>		<u>720,000</u>	<u>720,000</u>	
Total Regular Debt Service	<u>1,157,600</u>		<u>1,157,600</u>	<u>1,157,600</u>	
Total Expenditures	<u>1,157,600</u>		<u>1,157,600</u>	<u>1,157,600</u>	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2021</u>					
Restricted				<u>\$ -0-</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 20,344,483	\$ 21,364,128	\$ 7,982,014	\$ 7,783,923	\$ 7,999,576	\$ 7,905,060	\$ 7,895,446	\$ 7,920,272	\$ 8,788,237	\$ 7,432,935
Restricted	3,863,164	4,466,429	4,377,042	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,320,204	6,903,066
Unrestricted/(Deficit)	(328,970)	(264,363)	(4,834,671)	(5,166,004)	(5,309,416)	(5,541,719)	(6,057,016)	(6,281,608)	(6,212,800)	(5,908,629)
Total Governmental Activities Net Position	\$ 23,878,677	\$ 25,566,194	\$ 7,524,385	\$ 7,374,385	\$ 7,602,623	\$ 7,737,686	\$ 7,808,508	\$ 8,271,679	\$ 8,895,641	\$ 8,427,372
Business-type Activities										
Investment in Capital Assets	\$ 33,289	\$ 29,567	\$ 45,741	\$ 90,199	\$ 82,273	\$ 74,348	\$ 64,496	\$ 113,534	\$ 100,376	\$ 115,693
Unrestricted	116,798	119,674	94,772	50,502	30,342	57,097	67,933	109,719	126,894	105,137
Total Business-type Activities Net Position	\$ 150,087	\$ 149,241	\$ 140,513	\$ 140,701	\$ 112,615	\$ 131,445	\$ 132,429	\$ 223,253	\$ 227,270	\$ 220,830
District-wide										
Net Investment in Capital Assets	\$ 20,377,772	\$ 21,393,695	\$ 8,027,755	\$ 7,874,122	\$ 8,081,849	\$ 7,979,408	\$ 7,959,942	\$ 8,033,806	\$ 8,888,613	\$ 7,548,628
Restricted	3,863,164	4,466,429	4,377,042	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,320,204	6,903,066
Unrestricted/(Deficit)	(212,172)	(144,689)	(4,739,899)	(5,115,502)	(5,279,074)	(5,484,622)	(5,989,083)	(6,171,889)	(6,085,906)	(5,803,492)
Total District Net Position	\$ 24,028,764	\$ 25,715,435	\$ 7,664,898	\$ 7,515,086	\$ 7,715,238	\$ 7,869,131	\$ 7,940,937	\$ 8,494,932	\$ 9,122,911	\$ 8,648,202

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 8,352,131	\$ 8,680,122	\$ 8,537,297	\$ 8,989,618	\$ 11,316,725	\$ 11,991,624	\$ 12,538,545	\$ 11,386,540	\$ 12,106,994	\$ 11,762,766
Special Education	2,640,462	2,651,607	2,716,955	2,976,810	3,393,470	3,627,504	3,296,471	2,983,271	2,884,746	3,035,298
Other Special Instruction				730,605	850,718	896,097	896,097	845,809	848,462	1,023,555
School Sponsored/Other Instruction	625,453	806,297	834,520	770,279	286,964	370,978	378,686	401,419	332,867	130,426
Support Services:										
Tuition	618,490	754,466	693,460	637,553	344,859	60,529	337,773	433,465	238,685	196,066
Student & Instruction Related Services	2,614,079	3,214,270	2,920,482	3,010,285	3,115,027	3,812,056	4,030,807	3,991,501	4,251,387	6,128,490
General Administrative Services	1,312,986	1,242,245	1,192,768	2,759,321	2,154,010	2,259,217	2,324,396	2,375,294	570,338	565,699
School Administrative Services	1,126,031	1,164,829	1,189,595	1,248,910	1,415,790	1,554,085	1,562,318	1,380,199	1,437,616	1,344,037
Central Services				395,896	544,061	504,977	607,902	504,977	607,902	502,879
Administrative Information Technology				25,321	296,971	268,681	277,519	288,356	343,505	343,505
Plant Operations and Maintenance	1,991,461	2,107,079	2,170,778	2,188,130	2,294,703	2,449,131	3,104,037	2,429,767	2,477,509	2,734,687
Pupil Transportation	1,466,222	1,498,652	1,627,122	1,610,197	1,633,905	1,615,429	1,493,733	1,478,708	1,833,796	1,916,320
Special Schools	150,368	166,906	165,877	176,348	216,346	255,069	235,923	218,334	287,011	128,078
Charter Schools		81,699	98,108							
Interest on Long-term Debt	864,475	529,706	657,041	625,852	599,025	564,772	532,955	518,138	488,388	473,353
Capital Outlay - Debt Service Assessment	42,595	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458
Total Governmental Activities Expenses	21,804,753	22,956,336	22,862,461	25,051,761	27,922,647	30,191,915	31,602,942	29,283,399	28,712,515	30,343,617
Business-type Activities:										
Food Service	391,800	347,864	367,622	338,190	362,725	288,438	342,016	368,939	309,691	260,247
Total Business-type Activities Expense	391,800	347,864	367,622	338,190	362,725	288,438	342,016	368,939	309,691	260,247
Total District Expenses	\$ 22,196,553	\$ 23,304,200	\$ 23,230,083	\$ 25,389,951	\$ 28,285,372	\$ 30,480,353	\$ 31,944,958	\$ 29,652,338	\$ 29,022,206	\$ 30,603,864
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 213,034	\$ 182,109	\$ 182,115	\$ 249,521	\$ 252,149	\$ 252,555	\$ 297,046	\$ 209,013	\$ 325,541	\$ 274,383
Student Activities				4,468,720	6,475,375	8,442,050	9,477,047	7,713,290	6,771,384	93,090
Operating Grants and Contributions	3,997,063	4,165,038	3,973,197	4,468,720	6,475,375	8,442,050	9,477,047	7,713,290	6,771,384	7,502,176
Capital Grants and Contributions				(62,301)						
Total Governmental Activities Program Revenues	4,210,097	4,347,147	4,155,312	4,718,241	6,727,524	8,632,304	9,774,093	7,922,303	7,096,925	7,869,649

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type Activities:										
Charges for Services:										
Food Service	\$ 330,545	\$ 284,703	\$ 297,817	\$ 283,534	\$ 239,962	\$ 253,765	\$ 276,241	\$ 329,590	\$ 252,626	\$ 12,844
Operating Grants and Contributions	66,302	60,611	59,373	62,557	71,783	53,271	67,777	65,474	58,899	212,259
Total Business-type Activities Program Revenues	396,847	345,314	357,190	346,091	311,745	307,036	344,018	395,064	311,525	225,103
Total District Program Revenues	\$ 4,606,944	\$ 4,692,461	\$ 4,512,502	\$ 5,064,332	\$ 7,039,269	\$ 8,939,340	\$ 10,118,111	\$ 8,317,367	\$ 7,408,450	\$ 8,094,752
Net (Expense)/Revenue										
Governmental Activities	\$ (17,594,656)	\$ (18,609,189)	\$ (18,707,149)	\$ (20,333,520)	\$ (21,195,123)	\$ (21,559,611)	\$ (21,828,849)	\$ (21,361,096)	\$ (21,615,590)	\$ (22,473,968)
Business-Type Activities	5,047	(2,550)	(10,432)	7,901	(50,980)	18,598	2,002	26,125	1,834	(35,144)
Total District-Wide Net Expense	\$ (17,589,609)	\$ (18,611,739)	\$ (18,717,581)	\$ (20,325,619)	\$ (21,246,103)	\$ (21,541,013)	\$ (21,826,847)	\$ (21,334,971)	\$ (21,613,756)	\$ (22,509,112)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 19,631,047	\$ 20,005,077	\$ 19,966,388	\$ 20,426,941	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965	\$ 22,014,626
Unrestricted Grants and Contributions	100,018	61,202	71,424	31,250	94,947	105,452	117,079	77,291	62,341	62,449
Rents and Royalties			38,953	39,795						
Investment Earnings	55,281	23,522	15,447	15,969	17,148	27,938	97,337	172,519	114,190	2,530
Cancellation of Prior Year Accounts Payable										
Miscellaneous Income	109,148	206,905	91,350	66,383	112,098	75,899	89,263	97,142	153,468	22,979
Other Items/Transfers							(88,597)	(62,195)		(96,885)
Total Governmental Activities	19,895,494	20,296,706	20,183,562	20,580,338	21,423,361	21,694,674	21,899,671	21,824,266	22,059,964	22,005,699
Business-type Activities:										
Interest Income	1,704	1,704	1,704	263	147	232	1,022	2,504	2,183	64
Other Items/Transfers					22,747		(2,040)	62,195		28,640
Total Business-Type Activities	1,704	1,704	1,704	263	22,894	232	(1,018)	64,699	2,183	57,344
Total District-Wide	\$ 19,897,198	\$ 20,298,410	\$ 20,185,266	\$ 20,580,601	\$ 21,446,255	\$ 21,694,906	\$ 21,898,653	\$ 21,888,965	\$ 22,062,147	\$ 22,063,043
Change in Net Position										
Governmental Activities	\$ 2,300,838	\$ 1,687,517	\$ 1,476,413	\$ 246,818	\$ 228,238	\$ 135,063	\$ 70,822	\$ 463,171	\$ 463,171	\$ (468,269)
Business-Type Activities	6,751	(846)	(8,728)	8,164	(28,086)	18,830	984	90,824	90,824	22,200
Total District	\$ 2,307,589	\$ 1,686,671	\$ 1,467,685	\$ 254,982	\$ 200,152	\$ 153,893	\$ 71,806	\$ 553,995	\$ 553,995	\$ (446,069)

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund										
Restricted	\$ 3,422,555	\$ 3,691,614	\$ 3,949,533	\$ 4,538,465	\$ 4,822,825	\$ 5,308,283	\$ 5,885,772	\$ 6,548,709	\$ 6,252,271	\$ 6,792,644
Assigned		239,017	191,346	151,823	618,549	907,269	538,903	420,395	518,703	253,116
Unassigned	514,596	512,767	543,680	494,038	354,374	402,816	506,523	410,755	437,525	868,156
Total General Fund	\$ 3,937,151	\$ 4,443,398	\$ 4,684,559	\$ 5,184,326	\$ 5,795,748	\$ 6,618,368	\$ 6,931,198	\$ 7,379,859	\$ 7,208,499	\$ 7,913,916
All Other Governmental Funds										
Restricted	\$ 440,609	\$ 535,798	\$ 236,163	\$ 218,001	\$ 89,638	\$ 89,617	\$ 84,306	\$ 84,306	67,933	110,422
Committed					128,363	66,062				
Total All Other Governmental Funds	\$ 440,609	\$ 535,798	\$ 236,163	\$ 218,001	\$ 218,001	\$ 155,679	\$ 84,306	\$ 84,306	\$ 67,933	\$ 110,422
Total Governmental Funds	\$ 4,377,760	\$ 4,979,196	\$ 4,920,722	\$ 5,402,327	\$ 6,013,749	\$ 6,774,047	\$ 7,015,504	\$ 7,464,165	\$ 7,276,432	\$ 8,024,338

* Restated

Source: School District Financial Reports

CHESTER SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS
UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 20,495,522	\$ 20,492,897	\$ 20,581,542	\$ 21,010,908	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965	\$ 22,014,626
Tuition Charges	213,034	182,109	182,115	249,521	252,149	252,555	297,046	209,013	325,541	274,383
Interest Earnings	55,281	23,522	15,447	15,969	10,796	16,524	52,311	85,691	114,190	2,530
Rents and Royalties			38,953	39,795	46,404	20,695	34,759	10,000	74,442	
State Sources	2,705,323	3,265,796	3,021,827	3,249,882	3,459,469	3,736,204	4,276,900	4,728,544	4,904,047	5,653,528
Federal Sources	478,912	350,515	332,698	391,307	400,297	510,345	411,514	425,619	353,932	573,375
Miscellaneous	157,519	329,014	166,292	104,463	139,658	113,663	133,261	254,132	105,108	128,147
Total Revenue	24,105,591	24,643,853	24,338,874	25,061,845	25,507,941	26,135,371	26,890,380	27,252,508	27,607,225	28,646,589
Expenditures										
Instruction										
Regular Instruction	5,945,038	6,173,561	6,156,808	6,359,300	6,872,883	6,578,254	6,774,570	6,616,149	6,800,447	7,050,840
Special Education Instruction	1,957,584	1,855,185	1,951,554	2,123,169	2,088,697	2,103,264	1,704,052	1,680,651	1,639,019	1,946,013
Other Special Instruction					422,533	448,435	459,506	468,453	481,132	490,813
School-Sponsored/Other Instruction	617,897	558,291	611,446	536,572	177,680	207,374	205,757	236,634	255,915	106,530
Support Services:										
Tuition	618,490	754,466	693,460	637,553	344,859	60,529	337,773	433,465	238,685	196,066
Student & Other Instruction Related Services	1,997,889	2,488,897	2,258,631	2,269,972	2,178,161	2,498,671	2,572,924	2,686,071	2,610,214	2,737,771
General Administrative Services	897,544	837,211	813,754	868,403	400,731	455,024	448,817	451,503	441,315	454,924
School Administrative Services	767,802	767,100	799,853	829,036	832,043	830,228	806,015	778,137	799,932	810,032
Central Services					271,168	301,627	357,567	353,864	385,029	379,086
Administrative Information Technology					162,736	307,128	222,828	226,642	255,237	265,642
Plant Operations and Maintenance	1,690,179	1,761,785	1,870,389	1,829,747	1,832,457	1,907,861	2,133,275	2,089,367	2,003,709	2,268,860
Student Transportation	1,364,453	1,369,596	1,493,827	1,488,563	1,460,208	1,395,817	1,259,228	1,297,892	1,569,826	1,694,072
Employee Benefits	4,821,402	5,393,778	5,040,703	5,362,900	5,613,243	5,849,271	6,294,634	6,731,635	6,922,225	7,744,079
Capital Outlay	744,430	699,698	1,042,372	986,425	673,654	866,812	1,439,464	1,588,817	2,240,623	634,842
Special Schools	126,943	139,860	141,030	143,543	147,503	162,628	143,416	148,687	167,488	82,000
Charter Schools										
Debt Service:										
Principal										
Interest and Other Charges	670,000	880,000	800,000	825,000	855,000	870,000	900,000	675,000	705,000	720,000
Total Expenditures	873,550	2,444,665	625,413	594,537	562,963	532,150	500,500	479,000	458,750	437,600
Excess/(Deficit) of Revenues	23,093,201	26,205,792	24,397,348	24,854,720	24,896,519	25,375,073	26,560,326	26,941,967	27,974,546	28,019,170
Over/(Under) Expenditures	1,012,390	(1,561,939)	(58,474)	207,125	611,422	760,298	330,054	310,541	(367,321)	627,419

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses)										
Payment to Refunded Bond Escrow Account		\$ (15,665,000)								
Refunded Bonds Issued		16,755,000								
Premium Issued		793,375								
Excess Escrow				\$ 20						
Capital Leases (Non-Budgeted)	\$ 260,000	280,000		274,460			\$ 138,120			193,422
Other Items/Transfers							(88,597)			(72,935)
Total Other Financing Sources/(Uses)	260,000	2,163,375		274,480			(88,597)	138,120		120,487
Net Change in Fund Balances	\$ 1,272,390	\$ 601,436	\$ (58,474)	\$ 481,605	\$ 611,422	\$ 760,298	\$ 241,457	\$ 448,661	\$ (367,321)	\$ 747,906
Debt Service as a Percentage of Noncapital Expenditures	6.91%	13.03%	6.07%	5.94%	5.83%	5.72%	5.58%	4.55%	4.52%	4.23%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 55,281	\$ 213,034		\$ 109,148	\$ 377,463
2013	23,522	182,109	\$ 21,359	166,763	393,753
2014	15,447	182,115		130,303	327,865
2015	15,969	249,521		106,158	371,648
2016	17,148	252,149		112,098	381,395
2017	27,938	252,555		75,899	356,392
2018	97,337	297,046		89,263	483,646
2019	172,519	209,013		97,142	478,674
2020	114,190	325,541	14,336	139,132	593,199
2021	4,451	274,383		21,058	299,892

Source: School District records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Chester Borough</u>												
2011	\$ 4,445,100	\$ 213,716,600	\$ 1,220,800	\$ -0-	\$ 158,600,100	\$ -0-	\$ 1,840,800	\$ 379,823,400	\$ 8,165	\$ 379,831,565	\$ 1.30	\$ 440,171,759
2012	3,863,100	215,325,700	1,229,400	-0-	155,431,300	-0-	1,837,700	377,687,200	-0-	377,687,200	1.32	415,040,879
2013	3,369,700	207,567,300	1,215,900	-0-	155,137,100	-0-	1,795,300	369,085,300	-0-	369,085,300	1.36	400,613,589
2014	3,114,800	214,814,100	1,235,900	-0-	156,563,800	-0-	1,849,100	377,577,700	-0-	377,577,700	1.34	463,171,860
2015	3,114,800	219,171,300	1,050,100	56,000	153,604,100	-0-	1,886,300	378,882,600	-0-	378,882,600	1.48	420,032,831
2016	3,240,300	227,449,100	1,103,100	56,600	164,299,800	-0-	-0-	396,148,900	-0-	396,148,900	1.44	398,981,670
2017	3,165,300	227,107,400	1,098,300	56,600	168,664,100	-0-	-0-	400,091,700	-0-	400,091,700	1.39	401,322,238
2018	3,880,300	229,846,900	976,500	56,600	166,399,800	-0-	-0-	401,160,100	-0-	401,160,100	1.44	390,482,174
2019	3,346,800	227,975,900	977,000	56,600	164,343,300	-0-	1,656,800	398,356,400	-0-	398,356,400	1.45	386,693,610
2020	3,281,000	230,073,900	988,600	54,800	167,602,200	-0-	1,658,500	403,659,000	9,727	403,668,727	1.49	394,020,984
<u>Chester Township</u>												
2011	\$ 18,576,400	\$ 1,670,362,000	\$ 92,916,400	\$ -0-	\$ 49,731,900	\$ 3,908,600	\$ 835,200	\$ 1,836,330,500	\$ 2,179,636	\$ 1,838,510,136	\$ 1.43	\$ 2,063,339,316
2012	16,979,400	1,668,358,200	90,299,700	-0-	49,761,800	3,908,600	835,200	1,830,142,900	2,310,658	1,832,453,558	1.45	1,998,190,741
2013	14,619,500	1,664,309,100	89,611,100	-0-	48,990,700	2,469,700	835,200	1,820,835,300	442,529	1,821,277,829	1.48	1,914,451,003
2014	13,704,800	1,663,455,100	89,890,700	-0-	48,804,500	2,469,700	835,200	1,819,160,000	372,270	1,819,532,270	1.51	1,872,128,624
2015	13,628,900	1,664,376,400	87,702,100	1,241,000	47,568,100	2,543,100	835,200	1,817,894,800	373,557	1,818,268,357	1.51	1,873,066,565
2016	12,701,600	1,669,012,400	87,901,300	1,302,000	47,594,500	2,543,100	835,200	1,821,890,100	351,836	1,822,241,936	1.53	1,890,867,453
2017	12,608,600	1,676,159,700	88,503,500	1,301,700	47,379,800	2,543,100	835,200	1,829,331,600	358,200	1,829,689,800	1.54	1,900,814,522
2018	12,175,700	1,679,019,100	83,877,300	1,298,100	47,009,900	2,543,100	835,200	1,826,758,400	375,919	1,827,134,319	1.54	1,906,637,867
2019	11,492,800	1,677,775,800	85,274,600	1,309,700	47,632,600	2,543,100	835,200	1,826,863,800	400,440	1,827,264,240	1.56	1,917,551,952
2020	11,243,000	1,668,967,500	86,080,500	1,327,700	49,898,800	2,543,100	-0-	1,820,060,600	409,774	1,820,470,374	1.57	1,876,249,396

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Tax Rate	Municipality	Morris County	
<u>Chester Borough</u>						
2011	\$ 1.225	\$ 0.070	\$ 1.295	\$ 0.837	\$ 0.274	\$ 2.406
2012	1.168	0.150	1.318	0.862	0.271	2.451
2013	1.294	0.065	1.359	0.903	0.276	2.538
2014	1.274	0.065	1.339	0.898	0.264	2.501
2015	1.408	0.067	1.475	0.906	0.278	2.659
2016	1.335	0.100	1.435	0.924	0.252	2.611
2017	1.303	0.090	1.393	0.933	0.261	2.587
2018	1.366	0.077	1.443	0.929	0.253	2.625
2019	1.375	0.072	1.447	0.952	0.254	2.653
2020	1.414	0.079	1.493	0.956	0.254	2.703
<u>Chester Township</u>						
2011	\$ 1.356	\$ 0.070	\$ 1.426	\$ 0.489	\$ 0.266	\$ 2.181
2012	1.296	0.150	1.446	0.508	0.269	2.223
2013	1.414	0.065	1.479	0.521	0.266	2.266
2014	1.443	0.065	1.508	0.520	0.267	2.295
2015	1.443	0.067	1.510	0.522	0.259	2.290
2016	1.425	0.107	1.532	0.522	0.266	2.320
2017	1.439	0.099	1.538	0.524	0.270	2.332
2018	1.457	0.083	1.540	0.529	0.271	2.340
2019	1.481	0.077	1.558	0.529	0.254	2.341
2020	1.491	0.083	1.574	0.531	0.268	2.373

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
<u>Chester Borough</u>						
DPF Chester LLC	\$ 40,530,000	1	10.04%	\$ 34,533,100	1	9.09%
CPP Streets of Chester, LLC	13,750,000	2	3.41%	26,000,000	2	6.85%
Savo/Chester Shopping Mall	6,500,000	3	1.61%	8,900,000	3	2.34%
Williamson Associates	3,915,000	4	0.97%	8,296,000	4	2.18%
2-4 Mill Ridge, LLC	3,137,700	5	0.78%	4,413,400	5	1.16%
95 West Main Associates, LLC	2,864,000	6	0.71%	3,698,500	6	0.97%
Chester Public House, LLC	2,325,000	7	0.58%	3,354,800	7	0.88%
Group 6 Assoc. (Little Falls Shoprite)	2,179,000	8	0.54%	2,713,300	8	0.71%
Chester Franklin Associates	2,175,000	8	0.54%	2,587,400	9	0.68%
Covenant Capital Chester, LLC	1,870,000	10	0.46%	2,434,100	10	0.64%
Total	\$ 79,245,700		19.63%	\$ 96,930,600		25.50%
<u>Chester Township</u>						
Welkind Rehabilitation Hospital, Inc.	\$ 6,476,600	1	0.36%	\$ 4,883,200	1	0.27%
Individual Taxpayer #1	3,734,400	2	0.21%	3,767,900	2	0.20%
Individual Taxpayer #2	3,602,200	3	0.20%	3,732,500	3	0.20%
Individual Taxpayer #3	3,140,800	4	0.17%	3,485,100	4	0.19%
Individual Taxpayer #4	3,095,800	5	0.17%	3,008,300	5	0.16%
Individual Taxpayer #5	3,008,300	6	0.17%	2,739,200	6	0.15%
Individual Taxpayer #6	2,968,600	7	0.16%	2,732,100	7	0.15%
Ingamort Gladstone Realty Holding	2,833,500	8	0.16%	1,731,000	8	0.09%
Individual Taxpayer #7	2,733,000	9	0.15%	2,621,700	9	0.14%
Pottersville Road Holding LLC	2,715,400	10	0.15%	2,570,000	10	0.14%
Total	\$ 34,308,600		1.88%	\$ 31,271,000		1.70%

Note: Individual taxpayers may be different in 2020 and 2011.

Source: Municipal Tax Assessors

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	\$ 20,495,522	\$ 20,495,522	100.00%	\$ -0-
2013	20,492,897	20,492,897	100.00%	-0-
2014	20,581,542	20,581,542	100.00%	-0-
2015	21,010,908	21,010,908	100.00%	-0-
2016	21,199,168	21,199,168	100.00%	-0-
2017	21,485,385	21,485,385	100.00%	-0-
2018	21,684,589	21,684,589	100.00%	-0-
2019	21,539,509	21,539,509	100.00%	-0-
2020	21,729,965	21,729,965	100.00%	-0-
2021	22,014,626	22,014,626	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Debt Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases			
2012	\$ 19,445,000	\$ 130,000	\$ -0-	\$ -0-	\$ 19,575,000	2.67%	2,051
2013	19,655,000	275,000	-0-	-0-	19,930,000	2.62%	2,087
2014	18,855,000	140,000	-0-	-0-	18,995,000	2.46%	1,995
2015	18,030,000	274,743	-0-	-0-	18,304,743	2.28%	1,925
2016	17,175,000	137,327	-0-	-0-	17,312,327	2.06%	1,827
2017	16,305,000	69,084	-0-	-0-	16,374,084	1.90%	1,733
2018	15,405,000	-0-	-0-	-0-	15,405,000	1.68%	1,640
2019	14,730,000	100,000	-0-	-0-	14,830,000	1.57%	1,597
2020	14,025,000	66,568	-0-	-0-	14,091,568	1.50%	1,525
2021	13,305,000	188,763	-0-	-0-	13,493,763	1.44%	1,461

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 19,445,000	\$ -0-	\$ 19,445,000	0.88%	\$ 2,038
2013	19,655,000	-0-	19,655,000	0.89%	2,059
2014	18,855,000	-0-	18,855,000	0.86%	1,975
2015	18,030,000	-0-	18,030,000	0.82%	1,893
2016	17,175,000	-0-	17,175,000	0.78%	1,806
2017	16,305,000	-0-	16,305,000	0.73%	1,720
2018	15,405,000	-0-	15,405,000	0.69%	1,640
2019	14,730,000	-0-	14,730,000	0.66%	1,587
2020	14,025,000	-0-	14,025,000	0.63%	1,518
2021	13,305,000	-0-	13,305,000	0.60%	1,440

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

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

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

CHESTER SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Borough of Chester	\$ 3,968,800	100.00%	\$ 3,968,800
Township of Chester	16,524,625	100.00%	16,524,625
West Morris Regional High School	9,855,000	27.05%	2,666,168
Morris County General Obligation Debt (Borough Share)	250,902,245	0.41%	1,019,448
Morris County General Obligation Debt (Township Share)	250,902,245	1.93%	4,854,407
Subtotal, Overlapping Debt			29,033,448
Chester Board of Education Direct Debt			14,025,000
Total Direct and Overlapping Debt			<u>\$ 43,058,448</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Chester Borough and Chester Township. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

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

	Legal Debt Margin Calculation for Fiscal Year 2021		
	Chester Borough	Chester Township	Total
<u>Equalized Valuation Basis:</u>			
2020	\$ 397,106,739	\$ 1,846,652,394	\$ 2,243,759,133
2019	392,740,215	1,880,650,401	2,273,390,616
2018	385,064,408	1,914,841,090	2,299,905,498
	<u>\$ 1,174,911,362</u>	<u>\$ 5,642,143,885</u>	<u>\$ 6,817,055,247</u>
Average Equalized Valuation of Taxable Property			<u>\$ 2,272,351,749</u>
Debt Limit (3% of average equalization value ^a)			\$ 68,170,552
Net Bonded Debt as of June 30, 2021			<u>13,305,000</u>
Legal Debt Margin			<u>\$ 54,865,552</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 75,362,179	\$ 72,484,088	\$ 70,233,799	\$ 69,384,354	\$ 69,224,753
Total Net Debt Applicable to Limit	<u>19,455,000</u>	<u>19,655,000</u>	<u>18,855,000</u>	<u>18,030,000</u>	<u>17,175,000</u>
Legal Debt Margin	<u>\$ 55,907,179</u>	<u>\$ 52,829,088</u>	<u>\$ 51,378,799</u>	<u>\$ 51,354,354</u>	<u>\$ 52,049,753</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.82%	27.12%	26.85%	25.99%	24.81%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 69,078,196	\$ 68,808,471	\$ 68,850,777	\$ 68,689,710	\$ 68,170,552
Total Net Debt Applicable to Limit	<u>16,305,000</u>	<u>15,405,000</u>	<u>14,730,000</u>	<u>14,025,000</u>	<u>13,305,000</u>
Legal Debt Margin	<u>\$ 52,773,196</u>	<u>\$ 53,403,471</u>	<u>\$ 54,120,777</u>	<u>\$ 54,664,710</u>	<u>\$ 54,865,552</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	23.60%	22.39%	21.39%	20.42%	19.52%

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

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

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

Chester Borough

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2012	1,660	\$ 132,426,500	\$ 79,775	8.80%
2013	1,662	134,314,530	80,815	6.50%
2014	1,661	139,985,758	84,278	3.80%
2015	1,657	146,371,095	88,335	3.70%
2016	1,652	150,576,496	91,148	3.30%
2017	1,648	154,307,184	93,633	3.40%
2018	1,640	160,423,160	97,819	2.30%
2019	1,623	164,971,458	101,646	2.00%
2020	1,620	164,666,520	101,646 *	5.60%
2021	1,620 **	164,666,520 ***	101,646 *	N/A

Chester Township

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2012	7,886	\$ 629,105,650	\$ 79,775	10.10%
2013	7,887	637,387,905	80,815	8.80%
2014	7,862	662,593,636	84,278	6.70%
2015	7,853	693,694,755	88,335	3.70%
2016	7,826	713,324,248	91,148	3.40%
2017	7,803	730,618,299	93,633	3.20%
2018	7,752	758,292,888	97,819	3.00%
2019	7,661	778,710,006	101,646	2.50%
2020	7,619	774,440,874	101,646 *	5.90%
2021	7,619 **	774,440,874 ***	101,646 *	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest Morris County personal income available (2019) and latest population data available (2020) was used for calculation purposes.

N/A - Information Not Available

Source:

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

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

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

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

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

Employer	2020	
	Employees	Percentage of Total Employment
Atlantic Health System	7,642	3.28%
US Army Armament Research and Development	6,000	2.58%
Novartis Corporation	5,200	2.23%
Bayer Healthcare, LLC	3,483	1.50%
Barclays	2,560	1.10%
Automatic Data Processing, Inc.	2,400	1.03%
Accenture	1,826	0.78%
Honeywell	1,704	0.73%
St. Clare's	1,638	0.70%
County of Morris	1,469	0.63%
	<u>33,922</u>	<u>14.56%</u>
Total Employment	<u>232,958</u>	
Employer	2011	
	Employees	Percentage of Total Employment
Novartis	6,200	2.44%
US Army Armament R&D - (Picatinny Arsenal)	5,274	2.08%
Atlantic Health System	5,013	1.98%
United Parcel Service	2,332	0.92%
County of Morris	1,928	0.76%
Automatic Data Processing, Inc.	1,924	0.76%
AT&T Corporation	1,550	0.61%
Chilton Memorial	1,440	0.57%
BASF Corporation	1,400	0.55%
Avis Budget Group Inc.	1,378	0.54%
	<u>28,439</u>	<u>11.21%</u>
Total Employment	<u>253,719</u>	

Source: Morris County Chamber of Commerce

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction	80.4	95.5	93.9	83.9	84.1	78.5	73.9	73.9	75.0	78.0
Regular	36.5	21.5	22.0	20.8	19.1	17.0	18.4	18.4	20.0	24.0
Special Education	7.0	9.0	8.2	9.8	10.9	38.1	38.4	38.0	45.0	45.0
Other Instruction										
Support Services:										
Student & Instruction Related Services	21.1	20.9	21.1	29.0	41.9	14.6	16.1	16.1	16.1	16.0
General and Business Administrative Services	5.1	5.6	5.6	5.4	5.5	8.0	10.0	10.0	11.0	11.0
School Administrative Services	9.2	11.6	11.6	12.0	11.3	12.6	10.5	10.5	10.5	10.0
Transportation	7.2	8.2	6.8	7.8	9.2	7.6	7.7	7.7	3.0	3.0
Plant Operations and Maintenance	16.3	13.5	13.5	14.3	15.3	15.0	16.8	16.8	17.0	18.0
Total	182.8	185.8	182.7	183.0	197.3	191.4	191.8	191.4	197.6	205.0

Source: School District Personnel Records

CHESTER SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio ^e		Average Daily Enrollment (ADE) ^d		% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d		
2012	1,304	\$ 20,805,221	\$ 15,955	4.73%	132	18.2:1	21.7:1	1,302	1,261	-3.68%	96.83%
2013	1,241	21,846,174	17,604	10.33%	129	19.6:1	19.04:1	1,236	1,197	-5.06%	96.82%
2014	1,188	21,929,563	18,459	4.86%	130	20:1	18.04:1	1,190	1,148	-3.75%	96.52%
2015	1,166	22,448,758	19,253	4.30%	132	19:1	18:1	1,159	1,126	-2.60%	97.20%
2016	1,140	22,804,902	20,004	3.90%	135	8:1	9:1	1,133	1,100	-2.22%	97.09%
2017	1,143	23,106,111	20,215	1.05%	134	9:1	7:1	1,139	1,099	0.53%	96.49%
2018	1,080	23,720,362	21,963	8.65%	131	15:1	14:1	1,072	1,026	-5.88%	95.71%
2019	1,087	24,199,150	22,262	1.36%	131	15:1	14:1	1,072	1,026	0.00%	95.71%
2020	1,081	24,570,173	22,729	2.10%	132	15:1	14:1	1,068	1,026	-0.37%	96.07%
2021	1,060	26,226,728	24,742	8.86%	126	12:1	12:1	1,058	1,055	-0.94%	99.72%

Note:

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

Source: School District records.

CHESTER SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>Elementary</u>										
<u>Bragg</u>										
Square Feet	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	449	436	407	352	345	351	365	352	349	335
<u>Dickerson</u>										
Square Feet	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment	327	330	326	326	333	336	330	343	337	345
<u>Middle School</u>										
<u>Black River Middle School</u>										
Square Feet	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191
Capacity (students)	497	497	497	497	497	497	497	497	497	497
Enrollment	528	473	454	454	455	451	385	392	395	380
 Number of Schools										
Elementary = 2										
Middle School = 1										

Source: School District records.

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bragg</u>	<u>Dickerson</u>	<u>Black River</u>	<u>Total</u>
2012	\$ 84,559	\$ 86,048	\$ 106,556	\$ 277,163
2013	93,255	94,897	117,513	305,665
2014	87,404	88,943	110,141	286,488
2015	92,031	93,652	115,970	301,653
2016	129,223	146,128	156,558	431,909
2017	165,007	170,006	165,006	500,019
2018	159,836	180,746	193,647	534,229
2019	157,742	180,409	187,656	525,807
2020	120,037	137,983	157,374	415,394
2021	125,257	141,552	150,970	417,779

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

Source: School District records.

CHESTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	25,000,000	
Loss of Business Income/Tuition	30,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
Flood/Earthquake:		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	1,085,000	1,000
Flood (Deductible for Zone A & Z)		500,000
		10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage	Included	
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days Notice	1,000,000	5,000
Crime Coverage:		
Public Employee Dishonesty	100,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	25,000	500
Forgery or Alteration	25,000	500
Computer Fraud	100,000	500
Public Officials Bond		
Business Administrator - T Dawson (NJSIG)	225,000	1,000
Treasurer - M Parasugo (NJSIG)	225,000	1,000
General Liability:		
Bodily Injury & Property Damage	16,000,000	
Products & Completed Operations	16,000,000	
Sexual Abuse	16,000,000	
Personal Injury & Advertising Injury	16,000,000	

CHESTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2021
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG) (Cont'd)		
General Liability: (Cont'd)		
Employee Benefits Liability	\$ 16,000,000	\$ 1,000
Premises Medical Payments	\$10,000 per accident \$5,000 per person	
Terrorism	1,000,000	
Automotive Coverage:		
Bodily Injury and Property Damage Comined Single Limit	16,000,000	1,000
Personal Injury Protection	250,000	1,000
Medical Payments	10,000	
Underinsured	1,000,000	
Terrorism	1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	16,000,000	5,000
Coverage B - defense costs for specific administrative actions	\$100,000/claim \$300,000/agg	5,000 5,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Excess Liability - NJUEP Program (Starstone/Munich)	24,000,000	16,000,000
Student/Athletic Volunteer Accident		
All School - US Fire Ins. Co.	25,000	
Excess Coverage - Medical Expense benefits - National Union Fire Ins. Co.	7,500,000	25,000
Volunteer Workers	25,000	1,000

Source: School District Records

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

October 18, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Chester School District's (the "District's"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 18, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Special Education Categorical Aid Security Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 920,640	\$ (87,766)	\$	87,766					\$	920,640
Transportation Aid	20-495-034-5120-084	7/1/19-6/30/20	62,405	(5,949)		5,949						62,405
Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	269,121	(25,656)		25,656						269,121
Extraordinary Special Education Costs Aid	20-495-034-5120-014	7/1/19-6/30/20	1,738	(1,738)		1,738						1,738
Reimbursed TPAF Social Security Contributions	20-495-034-5120-044	7/1/19-6/30/20	97,726	(97,726)		107,514	\$ (9,788)					97,726
Special Education Categorical Aid Security Aid	20-495-034-5095-003	7/1/19-6/30/20	655,461	(30,885)		30,885						655,461
Transportation Aid	21-495-034-5120-089	7/1/20-6/30/21	949,582			859,735	(949,582)			\$ (89,847)		949,582
Nonpublic Transportation Costs	21-495-034-5120-084	7/1/20-6/30/21	62,405			56,500	(62,405)			(5,905)		62,405
Extraordinary Special Education Costs Aid	21-495-034-5120-014	7/1/20-6/30/21	269,121			243,658	(269,121)			(25,463)		269,121
Reimbursed TPAF Social Security Contributions	21-495-034-5120-014	7/1/20-6/30/21	24,306				(24,306)		\$ (24,306)	(24,306)		24,306
On-Behalf TPAF Post Retirement Contributions	21-495-034-5120-044	7/1/20-6/30/21	84,231				(84,231)		(84,231)	(84,231)		84,231
On-Behalf TPAF Long Term Disability Insurance Contributions	21-495-034-5094-001	7/1/20-6/30/21	691,886			657,929	(691,886)		(33,957)	(33,957)		691,886
On-Behalf TPAF Pension Contributions	21-495-034-5094-001	7/1/20-6/30/21	809,528			809,528	(809,528)					809,528
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,130			1,130	(1,130)					1,130
	21-495-034-5094-004	7/1/20-6/30/21	2,534,949			2,534,949	(2,534,949)					2,534,949
	21-495-034-5094-003	7/1/20-6/30/21	48,231			48,231	(48,231)					48,231
Subtotal - General Fund				(249,720)		5,471,168	(5,485,157)		(142,494)	(263,709)		7,482,460
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
N.J. Nonpublic Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	15,884			15,884	(15,884)					15,884
N.J. Nonpublic Nursing Aid	21-100-034-5120-070	7/1/20-6/30/21	26,520			26,520	(26,520)					26,520
N.J. Nonpublic Security Aid	21-100-034-5120-373	7/1/20-6/30/21	108,500			108,500	(108,459)		\$ 41			108,500
Nonpublic Handicapped Services:												
Examination and Classification Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	8,361	(1,299)	\$ 1,300	1,299		\$ (1,300)				7,061
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	9,115	(1,268)	912	1,268		(912)				8,203
Examination and Classification Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	7,061	(878)	82	878		(82)				5,504
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	8,203			8,203	(6,888)			373		6,688
	21-100-034-5120-066	7/1/20-6/30/21	5,909			5,909	(6,836)			1,367		6,836
	21-100-034-5120-066	7/1/20-6/30/21		(3,445)	2,294	175,522	(170,215)	(2,294)		1,862		5,828
Subtotal - Special Revenue Fund - Department of Education												191,024

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
<u>Enterprise Fund:</u>												
COVID 19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	\$ 9,432		\$ 8,038	\$ (9,432)				\$ (1,394)	\$ 9,432	
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	183	\$ (100)	100						183	
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	797		797	(797)					797	
Subtotal - Enterprise Fund				(100)	8,935	(10,229)				(1,394)	12,597	
Total State Department of Education				(253,265)	5,655,625	(5,665,601)		(2,294)	(142,494)	(265,103)	7,686,081	
Total State Awards				(253,265)	5,655,625	(5,665,601)		(2,294)	(142,494)	(265,103)	7,686,081	
<u>Less: On-Behalf TPAF Pension System Contributions:</u>												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/20-6/30/21	(809,528)			\$ 809,528						
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-001	7/1/20-6/30/21	(1,130)			1,130						
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/20-6/30/21	(2,534,949)			2,534,949						
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-003	7/1/20-6/30/21	(48,231)			48,231						
Subtotal - On-Behalf TPAF Pension System Contributions						3,393,838						
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						\$(2,271,763)						

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

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Chester School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,844) for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,483,313	\$ 5,483,313
Special Revenue Fund	\$ 573,375	170,215	743,590
Food Service Fund	<u>202,030</u>	<u>10,229</u>	<u>212,259</u>
Total Awards	<u>\$ 775,405</u>	<u>\$ 5,663,757</u>	<u>\$ 6,439,162</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

CHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors’ Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors’ Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor’s report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey’s OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>C.F.D.A. No./</u> <u>State Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027A	7/1/20-9/30/21	\$ 317,854	\$ 280,008
I.D.E.A. Part B, Basic	84.027A	7/1/19-9/30/20	309,388	29,678
I.D.E.A. Preschool	84.173A	7/1/20-9/30/21	36,785	24,829
I.D.E.A. Preschool	84.173A	7/1/19-9/30/20	21,997	1,774
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	691,886	691,886

- The threshold for distinguishing between Type A and Type B federal programs was \$750,000.
- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was not determined to be a “low-risk” auditee for federal programs. The District was determined to be a "low-risk" auditee for state programs.

CHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

CHESTER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.