

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



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION	
Independent Auditor's Report	9
Required Supplementary Information – Part I Management’s Discussion and Analysis	16
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	32
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	50
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	55
C-3 Budgetary Comparison Schedule – Note to RSI	56

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Table of Contents (Cont'd)

FINANCIAL SECTION (CONT'D)		Page
Required Supplementary Information – Part III		
L. Schedules Related to Accounting and Reporting for Pensions		
L-1	Schedule of the School District's Proportionate Share of the Net Pension Liability – PERS	N/A
L-2	Schedule of the School District's Contributions – PERS	N/A
L-3	Schedule of the School District's Proportionate Share of the Net Pension Liability – TPAF	N/A
L-4	Schedule of School District's Contributions – TPAF	N/A
L-5	Notes to the Required Supplementary Information – Part III GASB 68 Pension Changes	N/A
Required Supplementary Information - Part IV		
M. Schedules Related to Accounting and Reporting for OPEB		
M-1	Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	58
M-2	Notes to the Required Supplementary Information - Part IV	59
Other Supplementary Information		
D. School Based Budget Schedules:		
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:		
E-1	Combining Schedule of Revenues and Expenditures – Budgetary Basis	N/A
E-2	Schedule of Preschool Education Aid – Budgetary Basis	62
F. Capital Projects Fund:		
F-1	Summary Schedule of Project Expenditures – Budgetary Basis	N/A
F-2	Summary Statement of Project Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis	N/A
F-2a	Statement of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Table of Contents (Cont'd)

FINANCIAL SECTION (CONT'D)		Page
Other Supplementary Information (Cont'd)		
G. Proprietary Funds:		
Enterprise Fund:		
G-1	Statement of Net Position	64
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position	65
G-3	Statement of Cash Flows	66
Internal Service Fund:		
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:		
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Statement of Changes in Fiduciary Net Position	N/A
I. Long-Term Debt:		
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations under Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A
STATISTICAL SECTION (Unaudited)		
Introduction to the Statistical Section		
Financial Trends		
J-1	Net Position/Assets by Component	69
J-2	Changes in Net Position/Assets	70
J-3	Fund Balances—Governmental Funds	72
J-4	Changes in Fund Balances—Governmental Funds	73
J-5	General Fund Other Local Revenue by Source	74
Revenue Capacity		
J-6	Assessed Value and Actual Value of Taxable Property	76
J-7	Direct and Overlapping Property Tax Rates	77
J-8	Principal Property Taxpayers	78
J-9	Property Tax Levies and Collections	79
Debt Capacity		
J-10	Ratios of Outstanding Debt by Type	81
J-11	Ratios of Net General Bonded Debt Outstanding	82
J-12	Direct and Overlapping Governmental Activities Debt	83
J-13	Legal Debt Margin Information	84

**BOROUGH OF CHESILHURST SCHOOL DISTRICT
Table of Contents (Cont'd)**

	Page
STATISTICAL SECTION (Unaudited) (Cont'd)	
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	86
J-15 Principal Non-Governmental Employers	87
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	89
J-17 Operating Statistics	90
J-18 School Building Information	91
J-19 Schedule of Required Maintenance Expenditures by School Facility	92
J-20 Insurance Schedule	93
SINGLE AUDIT SECTION	
K-1 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	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the State of New Jersey Circular 15-08-OMB	95
K-3 Schedule of Expenditures of Federal Awards, Schedule A	98
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	100
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	102
Schedule of Findings and Questioned Costs:	
K-6 Summary of Auditor's Results	104
K-6 Summary of Current Year Findings	106
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	109

INTRODUCTORY SECTION



February 24, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Chesilhurst Board of Education for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

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

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the 2021-2022 fiscal year, is reflected in the financial section. This budget, as well as the 2022-2023 budget, was approved by the Executive County Superintendent of Schools.

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. DEBT SERVICE:

The maximum amount of allowable debt that the Board may authorize is \$2,140,732. As of June 30, 2022, the District has no outstanding debt.

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

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

Respectfully submitted,



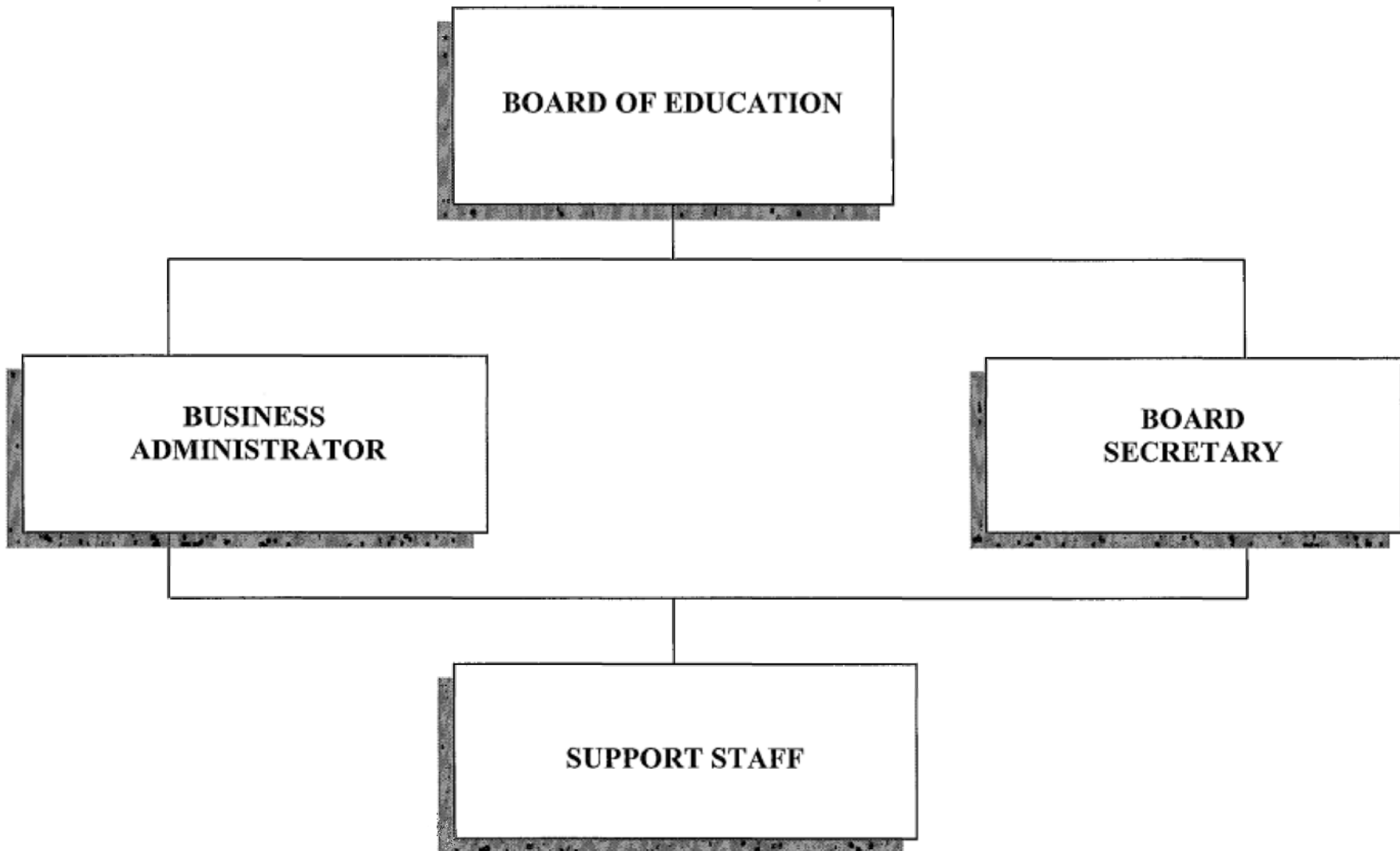
Vincent Caravello
School Business Administrator / Board Secretary

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Chesilhurst, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



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

**ROSTER OF OFFICIALS
June 30, 2022**

Members of the Board of Education

Term Expires

Carla A. Lyles, President	2024
Joseph Medley, Vice President	2024
Debra L. Barney	2023
Karen A. Ford	2024
Marquis Garnett	2023
Jordan Lyles	2022
Pearl Saylor	2022

Other Officials

Vincent J. Caravello, Business Administrator/ Board Secretary
Darryl C. Rhone, Esq. Solicitor

**BOROUGH OF CHESILHURST
BOARD OF EDUCATION**

Consultants and Advisors

Audit Firm

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

Attorney

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

Broker of Record

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

Official Depository

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of changes in the School District's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chesilhurst School District's basic financial statements. The combining statements and related major fund supporting statements and schedules, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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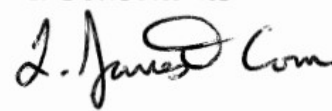
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 on our consideration of the Borough of Chesilhurst School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chesilhurst School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chesilhurst School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



L. Jarred Corn
Certified Public Accountant
Public School Accountant No. 20CS00219700

Voorhees, New Jersey
February 24, 2023

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as finding number 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Chesilhurst School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding number 2022-001.

The Borough of Chesilhurst School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



L. Jarred Corn
Certified Public Accountant
Public School Accountant No. 20CS00219700

Voorhees, New Jersey
February 24, 2023

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

The management's discussion and analysis of the Borough of Chesilhurst School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2022 and 2021. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2022:

- Net Position at June 30, 2022 for governmental and business-type activities amounted to \$2,871,518 and \$11,789, respectively.
- The School District's General Fund balance decreased to \$2,488,133 as of June 30, 2022 from \$3,261,630 as of June 30, 2021, a decrease of \$773,497.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

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

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

Fund Financial Statements

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

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

The School District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table presents a summary of the School District's net position for the fiscal years ended June 30, 2022 and June 30, 2021:

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 2,598,596	\$3,338,973	\$ 11,789	\$ 11,789	\$ 2,610,385	\$ 3,350,762
Capital Assets	362,568	386,609			362,568	386,609
Total Assets	2,961,164	3,725,582	11,789	11,789	2,972,953	3,737,371
Other Liabilities	89,646	77,417	-	-	89,646	77,417
Net Investment in						
Capital Assets	362,568	386,609			362,568	386,609
Restricted	2,342,956	2,938,910			2,342,956	2,938,910
Unrestricted (Deficit)	165,994	322,646	11,789	11,789	177,783	334,435
Total Net Position	\$ 2,871,518	\$ 3,648,165	\$ 11,789	\$ 11,789	\$ 2,883,307	\$ 3,659,954

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)

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

The School District's Net Position for governmental and business-type activities decreased by \$776,647 from July 1, 2021 to June 30, 2022. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Operating Grants and Contributions	\$ 20,891	\$ 23,567	\$ (2,676)	-11.35%
General Revenues:				
Property Taxes	806,987	791,164		0.00%
Federal and State Aid not Restricted	2,009,235	2,192,038	(182,803)	-8.34%
Miscellaneous Income	4,211	629,367	(625,156)	-99.33%
Total Revenues	<u>2,841,324</u>	<u>3,636,136</u>	<u>(794,812)</u>	<u>-21.86%</u>
Expenses:				
Support Services:				
Tuition	2,680,973	2,519,218	161,755	6.42%
Student and Instruction Related Services		12,729	(12,729)	100.00%
School Administrative Services	81,653	86,292	(4,639)	-5.38%
Other Administrative Services	135,723	53,566	82,157	153.38%
Plant Operations and Maintenance	133,495	121,465	12,030	9.90%
Pupil Transportation	562,086	233,500	328,586	140.72%
Unallocated Benefits		(7,792)	7,792	-100.00%
Unallocated Depreciation	24,041	27,473	(3,432)	-12.49%
Food Service		600	(600)	100.00%
Loss on Disposal of Assets		1,166	(1,166)	100.00%
Total Expenses	<u>3,617,972</u>	<u>3,048,217</u>	<u>569,755</u>	<u>18.69%</u>
Change in Net Position	(776,647)	587,919	(1,364,566)	-232.10%
Net Position, July 1	<u>3,659,954</u>	<u>3,072,036</u>	<u>587,918</u>	<u>19.14%</u>
Net Position, June 30	<u>\$ 2,883,307</u>	<u>\$ 3,659,955</u>	<u>\$ (776,648)</u>	<u>-21.22%</u>
	\$ -	-		

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)

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

Governmental Activities

In 2021-2022, Governmental Activities Revenues were \$2,841,324 compared to \$3,634,969 in 2020-2021.

In 2021-2022, General Revenues - Property Taxes of \$806,987 made up 28.40%, and General Revenues - Federal & State Grants of \$2,009,235 made up 70.71% of Governmental Activities Revenues.

In 2020-2021, General Revenues - Property Taxes of \$791,164 made up 21.77%, and General Revenues - Federal & State Grants of \$2,192,038 made up 60.30% of Governmental Activities Revenues.

In 2021-2022, the School District's Governmental Activities expenditures increased by \$571,521 or 18.76%. This increase was mainly related to increased costs related to transportation and tuition costs.

Business-Type Activities

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

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$2,796,806 which was equal to the original budget.

The 2021-2022 General Fund Tax Levy was \$806,987, which was equal to General Fund Tax Levy for 2020-2021.

During fiscal year 2022 and 2021, the School District budgeted \$1,969,019 and \$2,130,729 for state aid revenues, respectively.

The final budgetary basis expenditure appropriation estimate was \$3,809,000, which was an increase of \$152,000 from the original budget.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$2,508,950, a decrease of \$752,606 in comparison with the prior year.

Of the combined ending fund balances of \$2,508,950, \$122,077 constitutes unassigned fund balance. The remainder of fund balance of \$2,386,873 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had ending net position of \$11,789, which was equal to the net position of the prior year.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)

CAPITAL ASSETS

At the end of fiscal year 2022 and 2021, the School District had \$362,568 and \$386,608 in governmental activities capital assets net of accumulated depreciation. Net Investment in Capital Assets was \$362,568 at June 30, 2022 and \$386,609 at June 30, 2021. The following table reflects the capital assets net of accumulated depreciation as of June 30, 2022 and June 30, 2021.

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and Improvements	\$ 75,206	\$ 75,550			\$ 75,206	\$ 75,550
Buildings and Improvements	285,411	306,979			285,411	306,979
Equipment	1,951	4,080			1,951	4,080
Total	\$ 362,568	\$ 386,609	\$ -	\$ -	\$ 362,568	\$ 386,609

Depreciation expense for governmental activities was \$24,041 for fiscal year ended 2022 and \$27,473 for fiscal year ended 2021.

DEBT ADMINISTRATION

The maximum amount of allowable debt that the Board may authorize is \$2,140,732. As of June 30, 2022, the District has no outstanding debt and no current plans to issue debt.

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

One of the most important factors affecting the School District's budget is state aid. The 2022-2023 budget was adopted with a \$47,786 increase in the tax levy based in part on the decrease in state aid the School District anticipates receiving, which has a decrease of 19.07% from prior year budget. The 2022-2023 budget was supplemented by excess surplus in the amount of \$595,714 and assigned fund balance of \$43,917.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,512,946.62	\$ 11,789.20	\$ 2,524,735.82
Intergovernmental Receivables	85,649.40		85,649.40
Capital Assets, net	362,567.56		362,567.56
Total Assets	2,961,163.58	11,789.20	2,972,952.78
LIABILITIES:			
Accounts Payable	89,645.88	-	89,645.88
NET POSITION:			
Net Investment in Capital Assets	362,567.56		362,567.56
Restricted:			
Other Purposes	2,342,956.40		2,342,956.40
Unrestricted	165,993.74	11,789.20	177,782.94
Total Net Position	\$ 2,871,517.70	\$ 11,789.20	\$ 2,883,306.90

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Support Services:							
Tuition	\$ 2,680,972.81		\$ 20,891.00		\$ (2,660,081.81)		\$ (2,660,081.81)
School Administrative Services	81,653.37				(81,653.37)		(81,653.37)
Other Administrative Services	135,723.46				(135,723.46)		(135,723.46)
Plant Operations and Maintenance	133,494.91				(133,494.91)		(133,494.91)
Pupil Transportation	562,085.88				(562,085.88)		(562,085.88)
Unallocated Depreciation	24,041.43				(24,041.43)		(24,041.43)
Total Governmental Activities	3,617,971.86	\$ -	20,891.00	\$ -	(3,597,080.86)	\$ -	(3,597,080.86)
Business-Type Activities:							
Food Service							
Total Business-Type Activities	-	-	-	-	-	-	-
Total Government	\$ 3,617,971.86	\$ -	\$ 20,891.00	\$ -	(3,597,080.86)	-	(3,597,080.86)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					806,987.00		806,987.00
Federal and State Aid not Restricted					2,009,235.00		2,009,235.00
Miscellaneous Income					4,211.41		4,211.41
Total General Revenues					2,820,433.41	-	2,820,433.41
Change in Net Position					(776,647.45)		(776,647.45)
Net Position, July 1					3,648,165.15	11,789.20	3,659,954.35
Net Position -- June 30					\$ 2,871,517.70	\$ 11,789.20	\$ 2,883,306.90

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

FUND FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,492,129.62	\$ 20,817.00			\$ 2,512,946.62
Tax Levy Receivable	67,248.40				67,248.40
Receivables from Other Governments	18,401.00				18,401.00
Total Assets	\$ 2,577,779.02	\$ 20,817.00	\$ -	\$ -	\$ 2,598,596.02
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 89,645.88	\$ -	\$ -	\$ -	\$ 89,645.88
Fund Balances:					
Restricted:					
Excess Surplus - Designated for Subsequent Years Expenditures	595,714.00				595,714.00
Capital Reserve	670,409.92				670,409.92
Preschool Education Aid		20,817.00			20,817.00
Maintenance Reserve	756,015.48				756,015.48
Tuition Reserve 2022-23 Adjustments	300,000.00				300,000.00
Assigned:					
Subsequent Year's Expenditures	43,917.00				43,917.00
Unassigned	122,076.74				122,076.74
Total Fund Balances	2,488,133.14	20,817.00	-	-	2,508,950.14
Total Liabilities and Fund Balances	\$ 2,577,779.02	\$ 20,817.00	\$ -	\$ -	\$ 2,598,596.02

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

Total Fund Balances	\$ 2,508,950.14
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,138,437.96, and the accumulated depreciation is \$775,870.40.	<u>362,567.56</u>
Net position of governmental activities	<u>\$ 2,871,517.70</u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 806,987.00				\$ 806,987.00
Miscellaneous	4,211.41				4,211.41
State Sources	2,009,235.00	\$ 20,891.00			2,030,126.00
Total Revenues	2,820,433.41	20,891.00	\$ -	\$ -	2,841,324.41
EXPENDITURES:					
Current:					
Support Services & Undistributed Costs:					
Tuition	2,680,972.81				2,680,972.81
School Administrative Services	81,653.37				81,653.37
Other Administrative Services	135,723.46				135,723.46
Plant Operations and Maintenance	133,494.91				133,494.91
Pupil Transportation	562,085.88				562,085.88
Total Expenditures	3,593,930.43	-	-	-	3,593,930.43
Excess (Deficiency) of Revenues over Expenditures	(773,497.02)	20,891.00	-	-	(752,606.02)
Fund Balance (Deficit) -- July 1	3,261,630.16	(74.00)	-	-	3,261,556.16
Fund Balance -- June 30	\$ 2,488,133.14	\$ 20,817.00	\$ -	\$ -	\$ 2,508,950.14

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ (752,606.02)

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which actual capital outlays exceeded depreciation in the period.

Depreciation Expense (24,041.43)

Change in Net Position of Governmental Activities \$ (776,647.45)

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Statement of Net Position
 Proprietary Fund
 June 30, 2022

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
Total Net Position -- July 1	<u>\$ 11,789.20</u>
Total Net Position -- June 30	<u><u>\$ 11,789.20</u></u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Statement of Cash Flows
 Proprietary Fund
 For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
Cash and Cash Equivalents -- July 1	<u>\$ 11,789.20</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 11,789.20</u></u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three member's terms expire each year. The purpose of the School District is to provide education for all of Chesilhurst Borough's grades K through 12. The District operated one instructional building for grades K through 6 up to the 2008-09 school year. As of July 1, 2009, all students were attending the Winslow Township School District on a tuition basis. The School District has approximately 125 resident students as of June 30, 2022.

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

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

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

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

The School District reports the following major proprietary fund:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District. As the District was a non-operating District during the 2021-22 school year, the food service fund was inactive. Balances in the fund will remain until such time as a final decision is reached, regarding operation, consolidation or continued non-operating status.

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

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

Budgets / Budgetary Control

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2022. The School District had no prepaid expenses for the fiscal year ended June 30, 2022.

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

Short-Term Interfund Receivables / Payables

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

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

Capital assets represent the cumulative amount of capital assets used by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. Intangible right to use assets (lease assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

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

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

The School District does not possess any infrastructure assets.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2022 and 2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Interfund Activity**

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

Accounting Estimates

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2022, the School District's bank balances of \$2,565,813.48 were insured by FDIC or GUDPA.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by transfer of \$225,000.00 in the 2013-2014 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance July 1, 2021	\$ 681,218.65
Increased by:	
Interest earned on Capital Reserve Funds	<u>931.27</u>
	682,149.92
Decreased by:	
Utilized in 2021-22 Budget	<u>11,740.00</u>
Ending Balance June 30, 2022	<u><u>\$ 670,409.92</u></u>

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>General Fund</u>
State Awards	\$ 18,401.00
Tax Levy Receivable	<u>67,248.40</u>
	<u><u>\$ 85,649.40</u></u>

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2022</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 74,000.00	\$ -	\$ -	\$ 74,000.00
Capital Assets, being Depreciated:				
Land Improvements	62,285.00			62,285.00
Buildings and Improvements	974,229.96			974,229.96
Equipment	27,923.00			27,923.00
Total Capital Assets, being Depreciated	<u>1,064,437.96</u>	<u>-</u>	<u>-</u>	<u>1,064,437.96</u>
Total Capital Assets, Cost	<u>1,138,437.96</u>	<u>-</u>	<u>-</u>	<u>1,138,437.96</u>
Less Accumulated Depreciation for:				
Land Improvements	(60,735.00)	(344.25)		(61,079.25)
Buildings and Improvements	(667,250.79)	(21,568.58)		(688,819.37)
Equipment	(23,843.18)	(2,128.60)		(25,971.78)
Total Accumulated Depreciation	<u>(751,828.97)</u>	<u>(24,041.43)</u>	<u>-</u>	<u>(775,870.40)</u>
Total Capital Assets, being Depreciated, Net	<u>312,608.99</u>	<u>(24,041.43)</u>	<u>-</u>	<u>288,567.56</u>
Governmental Activities Capital Assets, Net	<u>\$ 386,608.99</u>	<u>\$ (24,041.43)</u>	<u>\$ -</u>	<u>\$ 362,567.56</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 7,600.00			\$ 7,600.00
Less Accumulated Depreciation for:				
Equipment	(7,600.00)			(7,600.00)
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:

Unallocated \$ 24,041.43

Note 6: LONG-TERM LIABILITIES

Bonds Authorized but not Issued - As of June 30, 2022, the School District had no authorizations to issue bonded debt.

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

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

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

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

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

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

Employees Covered by Benefit Terms - At June 30, 2021, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,328</u>

Total Non-Employer OPEB Liability

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

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

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2022 was \$1,741,754.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. For the June 30, 2021, measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .0029025532%, which was a decrease of .0002126277% from its proportion measured as of June 30, 2020.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2020, which was rolled forward to June 30, 2021, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u> *
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25% *
Thereafter	1.55 - 5.65%	3.00 - 7.00%	Not Applicable

* based on service years

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 "General" classification and PUB-2010 Health "Teachers" classification headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled 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-2021.

Experience Studies - The actuarial assumptions used in the June 30, 2020 valuation, which was rolled forward to June 30, 2021, were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

Discount Rate - The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

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

Balance at June 30, 2021		\$ 2,112,403.00
Changes for the Year:		
Service Cost	\$ -	
Interest Cost	45,183.00	
Changes in Benefit Terms	(1,854.00)	
Difference between Expected and Actual Experience	(381,260.00)	
Changes in Assumptions	1,718.00	
Member Contributions	1,155.00	
Gross Benefit Payments	<u>(35,591.00)</u>	
Net Changes		<u>(370,649.00)</u>
Balance at June 30, 2022		<u>\$ 1,741,754.00</u>

Benefit changes: the change in liability for the measurement period from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences between expected and actual experience reflect a decrease in liability for the measurement period from June 30, 2020 to June 30, 2021 due to changes in the census.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2020 to June 30, 2021 is due to the combined effect of the decrease in the assumed discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021; and changes in the trend, salary scale, and updated mortality projection scale.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2021, associated with the School District, using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows: as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 2,086,348.00</u>	<u>\$ 1,741,754.00</u>	<u>\$ 1,470,407.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Changes in the Total Non-Employer OPEB Liability (Cont'd)

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 1,409,956.00	\$ 1,741,754.00	\$ 2,187,335.00

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

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District; however, at June 30, 2022, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 262,562.00	\$ 522,731.00
Changes of Assumptions	295,466.00	186,874.00
Changes in Proportion	-	495,161.00
	<u>\$ 558,028.00</u>	<u>\$ 1,204,766.00</u>

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

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

Fiscal Year Ending <u>June 30,</u>	
2023	\$ (108,658.00)
2024	(108,658.00)
2025	(108,658.00)
2026	(108,658.00)
2027	(95,440.00)
Thereafter	<u>(116,666.00)</u>
	<u>\$ (646,738.00)</u>

Note 8: RISK MANAGEMENT

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

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

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

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

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

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

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

Note 9: CONTINGENCIES

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

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

Note 10: CONCENTRATIONS

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

Note 11: RELATED-PARTY TRANSACTION

On January 18, 2022, the School District entered into a parent transportation contract with a member of the Board of Education. The contract runs through June 30, 2022 and was awarded at a not to exceed amount of \$20,200.00 for the length of the contract, which was approved by the County Superintendent. As of June 30, 2022, the School District expended \$15,318.64 for the contract.

Note 12: FUND BALANCES**RESTRICTED**

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

General Fund

For Tuition - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$300,000.00 in a legal reserve for tuition adjustments. This restricted fund balance represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2022, \$300,000.00 has been restricted and designated for utilization in the 2022-2023 budget.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022, as indicated on Exhibit B-1, is \$595,714.00, and the excess fund balance, as indicated on the budgetary comparison schedule, Exhibit C-1, is \$640,127.74. The difference between these numbers is due to the timing difference of recording the June state aid payments. Additionally, \$595,714.00 of excess fund balance generated during 2020-2021 has been restricted and designated for utilization in the 2022-2023 budget.

For Capital Reserve Account - As of June 30, 2022, the balance in the capital reserve account is \$670,409.92. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

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

For Maintenance Reserve Account - As of June 30, 2022, the balance in the maintenance reserve account is \$756,015.48. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Special Revenue Fund

Preschool Education Aid- As of June 30, 2022, the balance restricted for the preschool education aid program is \$20,817.00. These funds are restricted for the purposes of funding subsequent years preschool education aid programs.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2023, \$43,917.00 of general fund balance at June 30, 2022.

UNASSIGNED

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

General Fund - As of June 30, 2022, \$122,076.74 of general fund balance was unassigned. The unassigned fund balance at June 30, 2022, as indicated on Exhibit B-1, is \$122,076.74, and the unassigned fund balance, as indicated on the budgetary comparison schedule, Exhibit C-1, is \$268,401.00. The difference between these numbers is the portion of the timing difference of recording the June state aid payments that exceeded Excess Surplus – Current Year.

Note 13: SUBSEQUENT EVENTS

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 806,987.00		\$ 806,987.00	\$ 806,987.00	
Unrestricted Miscellaneous Revenues	20,000.00		20,000.00	2,135.73	\$ (17,864.27)
Interest Earned on Capital Reserve	400.00		400.00	931.27	531.27
Interest Earned on Maintenance Reserve	400.00		400.00	1,144.41	744.41
Total - Local Sources	827,787.00	\$ -	827,787.00	811,198.41	(16,588.59)
State Sources:					
Equalization Aid	1,533,518.00		1,533,518.00	1,533,518.00	
Special Education Categorical Aid	95,861.00		95,861.00	95,861.00	
Categorical Security Aid	50,877.00		50,877.00	50,877.00	
Categorical Transportation Aid	170,166.00		170,166.00	170,166.00	
Adjustment Aid	118,597.00		118,597.00	118,597.00	
Extraordinary Special Education Costs Aid				17,821.00	17,821.00
Additional Nonpublic Transportation Aid				580.00	580.00
Total - State Sources	1,969,019.00	-	1,969,019.00	1,987,420.00	18,401.00
Total Revenues	2,796,806.00	-	2,796,806.00	2,798,618.41	1,812.41

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 1,820,993.00		\$ 1,820,993.00	\$ 1,820,993.00	
Tuition to Other LEAs Within the State - Special	631,564.00		631,564.00	631,564.00	
Tuition to County Vocational - Regular	27,156.00		27,156.00	27,156.00	
Tuition to Private Schools for the Disabled - Within State	253,386.00	\$ (92,790.11)	160,595.89	139,315.81	\$ 21,280.08
Tuition - State Facilities	61,944.00		61,944.00	61,944.00	
Total Undistributed Expenditures - Instruction	2,795,043.00	(92,790.11)	2,702,252.89	2,680,972.81	21,280.08
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	35,000.00		35,000.00	27,536.77	7,463.23
Audit Fees	19,700.00	15,250.00	34,950.00	34,900.00	50.00
Architect Fees	2,500.00		2,500.00	1,500.00	1,000.00
Other Purchased Professional Services	47,000.00	(45,241.00)	1,759.00		1,759.00
Communications/Telephone	15,000.00		15,000.00	12,304.68	2,695.32
Other Purchased Services	5,000.00	1,000.00	6,000.00	2,418.47	3,581.53
General Supplies	7,000.00	(3,750.00)	3,250.00		3,250.00
BOE In-house Training / Meeting Supplies	1,100.00		1,100.00		1,100.00
Miscellaneous Expenditures	500.00		500.00		500.00
BOE Membership Dues and Fees	3,500.00		3,500.00	2,651.45	848.55
Total Undistributed Expenditures - Support Services - General Admin.	136,300.00	(32,741.00)	103,559.00	81,311.37	22,247.63
Undistributed Expenditures- Support Services- Central Services:					
Purchase Professional Services	35,000.00	79,525.00	114,525.00	108,883.36	5,641.64
Purchase Technical Services	11,000.00	12,766.00	23,766.00	16,966.00	6,800.00
Supplies and Materials	2,000.00	4,116.00	6,116.00	2,377.50	3,738.50
Total Undistributed Expenditures- Support Services- Central Services	48,000.00	96,407.00	144,407.00	128,226.86	16,180.14

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 72,250.00	\$ (36,947.72)	\$ 35,302.28	\$ 26,320.40	\$ 8,981.88
General Supplies	10,000.00	(5,363.00)	4,637.00		4,637.00
Total Undistributed Expenditures - Required Maintenance	82,250.00	(42,310.72)	39,939.28	26,320.40	13,618.88
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair, and Maintenance Service	500.00	55,703.70	56,203.70	55,589.20	614.50
Other Purchased Property Services	1,000.00		1,000.00	705.10	294.90
Insurance	11,500.00		11,500.00	10,065.00	1,435.00
General Supplies	750.00		750.00	95.46	654.54
Energy (Natural Gas)	10,500.00	3,000.00	13,500.00	6,833.76	6,666.24
Energy (Electricity)	30,000.00	4,000.00	34,000.00	28,966.99	5,033.01
Total Undistributed Expenditures - Custodial Services	54,250.00	62,703.70	116,953.70	102,255.51	14,698.19
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	-	7,245.00	7,245.00	4,205.00	3,040.00
Undistributed Expenditures - Security:					
Other Purchased Professional Services	-	1,414.00	1,414.00	714.00	700.00
Total Undistributed Expenditures - Oper. & Maint. of Plant Services	136,500.00	29,051.98	165,551.98	133,494.91	32,057.07

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	\$ 10,000.00	\$ 15,000.00	\$ 25,000.00	\$ 22,191.84	\$ 2,808.16
Contracted Services - Aid In Lieu of Payments - Choice Students	20,000.00		20,000.00	13,000.00	7,000.00
Contracted Services (Between Home and School) - Vendors	261,523.00	(32,500.00)	229,023.00	170,030.38	58,992.62
Contracted Services (Between Home and School) - Joint Agreements	5,500.00		5,500.00		5,500.00
Contracted Services - (Special Education Students) - ESCs & CTSA's	180,000.00	214,572.13	394,572.13	356,863.66	37,708.47
Miscellaneous Purchased Services - Transportation	45,000.00	(45,000.00)			
Total Undistributed Expenditures - Student Transportation Services	522,023.00	152,072.13	674,095.13	562,085.88	112,009.25
Undistributed Expenditures - Unallocated Benefits - Employee Benefits:					
T.P.A.F. Contributions - ERIP	4,000.00	-	4,000.00	-	4,000.00
Total Undistributed Expenditures	3,641,866.00	152,000.00	3,793,866.00	3,586,091.83	207,774.17
Interest Earned on Maintenance Reserve	400.00	-	400.00	-	400.00
Total Current Expense	3,642,266.00	152,000.00	3,794,266.00	3,586,091.83	208,174.17
Capital Outlay:					
Construction Services	14,000.00		14,000.00	7,496.60	6,503.40
Assessment for Debt Service on SDA Funding	342.00		342.00	342.00	
Interest Earned on Capital Reserve	400.00		400.00		400.00
Total Capital Outlay	14,742.00	-	14,742.00	7,838.60	6,903.40
Total Expenditures	3,657,008.00	152,000.00	3,809,008.00	3,593,930.43	215,077.57
Excess (Deficiency) of Revenues Over (Under) Expenditures (Carried Forward)	(860,202.00)	(152,000.00)	(1,012,202.00)	(795,312.02)	216,889.98

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures (Brought Forward)	\$ (860,202.00)	\$ (152,000.00)	\$ (1,012,202.00)	\$ (795,312.02)	\$ 216,889.98
Fund Balances, July 1	3,474,183.16	-	3,474,183.16	3,474,183.16	-
Fund Balances, June 30	\$ 2,613,981.16	\$ (152,000.00)	\$ 2,461,981.16	\$ 2,678,871.14	\$ 216,889.98
RECAPITULATION:					
Restricted Fund Balance:					
Capital Reserve				\$ 670,409.92	
Maintenance Reserve				756,015.48	
Tuition Reserve					
22-23 Tuition Adjustments				300,000.00	
Excess Surplus--Current Year				44,413.74	
Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures				595,714.00	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				43,917.00	
Unassigned Fund Balance				268,401.00	
				2,678,871.14	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				(190,738.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,488,133.14	

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 20,824.00	\$ -	\$ 20,824.00	\$ -	\$ (20,824.00)
Total Revenues	<u>20,824.00</u>	<u>-</u>	<u>20,824.00</u>	<u>-</u>	<u>(20,824.00)</u>
EXPENDITURES:					
Instruction:					
Tuition	<u>20,824.00</u>	<u>-</u>	<u>20,824.00</u>		<u>20,824.00</u>
Total Expenditures	<u>20,824.00</u>	<u>-</u>	<u>20,824.00</u>	<u>-</u>	<u>20,824.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2022 - 19th and 20th State Aid Payments not Recognized on GAAP Basis				\$ (2,017.00)	
2021-2022 Carryover - Preschool Education Aid Programs				<u>22,834.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 20,817.00</u>	

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,798,618.41	
Differences - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	212,553.00	\$ 2,084.00
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		20,824.00
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until subsequent year.	<u>(190,738.00)</u>	<u>(2,017.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,820,433.41</u>	<u>\$ 20,891.00</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 3,593,930.43</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 3,593,930.43</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

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

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District					
Changes for the Year:					
Service Cost					
Interest Cost	\$ 45,183.00	\$ 48,321.00	\$ 68,124.00	\$ 74,465.00	\$ 66,159.00
Changes in Benefit Terms	(1,854.00)				
Difference Between Expected and Actual Experience	(381,260.00)	315,602.00	(429,978.00)	(145,992.00)	
Changes in Assumptions	1,718.00	385,863.00	20,848.00	(204,371.00)	(261,104.00)
Gross Benefit Payments	1,155.00	1,115.00	(42,923.00)	(47,622.00)	(48,705.00)
Member Contributions	(35,591.00)	(36,775.00)	1,272.00	1,646.00	1,793.00
Net Change in Total Non-Employer OPEB Liability	(370,649.00)	714,126.00	(382,657.00)	(321,874.00)	(241,857.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	2,112,403.00	1,398,277.00	1,780,934.00	2,102,808.00	2,344,665.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 1,741,754.00</u>	<u>\$ 2,112,403.00</u>	<u>\$ 1,398,277.00</u>	<u>\$ 1,780,934.00</u>	<u>\$ 2,102,808.00</u>
School District's Covered Payroll (Plan Measurement Period)	N/A	N/A	N/A	N/A	N/A
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2022

Changes of Benefit Terms -

The actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021, included changes due to employers adopting Chapter 44 provisions.

Changes of Assumptions -

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%		

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in trend update, mortality projection scale update, and salary scale.

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Tuition	<u>\$ 20,824.00</u>	<u>\$ -</u>	<u>\$ 20,824.00</u>

Calculation of Budget and Carryover

Total Revised 2021-2022 Preschool Expansion Aid Allocation	\$ 20,824.00
Add: Actual Preschool Education Aid Carryover (June 30, 2021)	2,010.00
Add: Budgeted Transfer from the General Fund 2021-2022	<u>-</u>
Total Preschool Education Aid Funds Available for 2021-2022 Budget	22,834.00
Less: 2021-22 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>20,824.00</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2022	2,010.00
Add: June 30, 2022 Unexpended Preschool Education Aid	<u>20,824.00</u>
2021-2022 Carryover - Preschool Education Aid/Preschool	<u>\$ 22,834.00</u>
2021-2022 Preschool Education Aid Carryover Budgeted in 2022-2023	<u>\$ -</u>

PROPRIETARY FUNDS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2022

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Food Service</u>
Net Position -- July 1	<u>\$ 11,789.20</u>
Net Position -- June 30	<u><u>\$ 11,789.20</u></u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	<u>Food Service</u>
Cash and Cash Equivalents -- July 1	<u>\$ 11,789.20</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 11,789.20</u></u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

	Fiscal Year Ended June 30,									
	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 362,568	\$ 386,609	\$ 415,248	\$ 443,530	\$ 485,577	\$ 516,416	\$ 550,333	\$ 168,902	\$ 172,240	\$ 189,943
Restricted	2,342,956	2,938,910	2,579,739	2,817,148	2,372,076	1,956,116	1,840,888	1,889,022	1,021,800	514,779
Unrestricted	165,994	322,646	76,449	63,318	345,108	12,337	9,197	5,735	15,428	18,595
Total Governmental Activities										
Net Position	<u>\$ 2,871,518</u>	<u>\$ 3,648,165</u>	<u>\$ 3,071,436</u>	<u>\$ 3,323,996</u>	<u>\$ 3,202,761</u>	<u>\$ 2,484,869</u>	<u>\$ 2,400,418</u>	<u>\$ 2,063,659</u>	<u>\$ 1,209,468</u>	<u>\$ 723,317</u>
Business-type Activities:										
Net Investment in Capital Assets								\$ 176	\$ 530	\$ 884
Unrestricted	\$ 11,789	\$ 11,789	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	12,389	12,389	12,389
Total Business-type Activities										
Net Position	<u>\$ 11,789</u>	<u>\$ 11,789</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,565</u>	<u>\$ 12,919</u>	<u>\$ 13,273</u>
District-wide:										
Net Investment in Capital Assets	\$ 362,568	\$ 386,609	\$ 415,248	\$ 443,530	\$ 485,577	\$ 516,416	\$ 550,333	\$ 169,078	\$ 172,770	\$ 190,827
Restricted	2,342,956	2,938,910	2,579,739	2,817,148	2,372,076	1,956,116	1,840,888	1,889,022	1,021,800	514,779
Unrestricted	177,783	334,435	88,838	75,707	357,497	24,726	21,586	18,124	27,817	30,984
Total District-wide Net Position	<u>\$ 2,883,307</u>	<u>\$ 3,659,954</u>	<u>\$ 3,083,825</u>	<u>\$ 3,336,385</u>	<u>\$ 3,215,150</u>	<u>\$ 2,497,258</u>	<u>\$ 2,412,807</u>	<u>\$ 2,076,224</u>	<u>\$ 1,222,387</u>	<u>\$ 736,590</u>

* Amounts for the years 2014 through 2022 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: District Records (Exhibit A-1)

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

	Fiscal Year Ended June 30,									
	<u>2022^{*^}</u>	<u>2021^{*^}</u>	<u>2020^{*^}</u>	<u>2019^{*^}</u>	<u>2018^{*^}</u>	<u>2017^{*^}</u>	<u>2016[*]</u>	<u>2015[*]</u>	<u>2014</u>	<u>2013</u>
Expenses:										
Governmental Activities:										
Support Services:										
Tuition	\$ 2,680,973	\$ 2,519,218	\$ 2,816,117	\$ 2,721,522	\$ 2,710,344	\$ 2,759,480	\$ 2,608,253	\$ 2,798,655	\$ 2,396,866	\$ 2,538,218
Student and Instruction Related Services		12,729	6,345	65,166	75,492	82,089	85,420	95,024	82,768	121,548
School Administrative Services	81,653	86,292	37,388	36,683	43,009	19,192	24,238	22,070	16,111	36,577
Other Administrative Services	135,723	53,566								
Plant Operations and Maintenance	133,495	121,465	106,844	84,053	119,633	74,699	85,630	108,758	94,137	74,929
Pupil Transportation	562,086	233,500	444,728	496,997	326,591	341,345	287,787	261,326	223,497	292,566
Unallocated Benefits		(7,792)		(1,510)	3,712	3,736	7,898	7,893	21,332	60,464
Unallocated Depreciation	24,041	27,473	28,282	42,047	40,409	40,823	29,515	18,143	17,703	17,957
Total Governmental Activities Expenses	<u>3,617,972</u>	<u>3,046,451</u>	<u>3,439,704</u>	<u>3,444,958</u>	<u>3,319,190</u>	<u>3,321,364</u>	<u>3,128,741</u>	<u>3,311,869</u>	<u>2,852,414</u>	<u>3,142,259</u>
Business-type Activities:										
Food Service		600	-	-	-	-	176	354	354	353
Total Business-type Activities Expense	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>354</u>	<u>354</u>	<u>353</u>
Total District Expenses	<u>\$ 3,617,972</u>	<u>\$ 3,047,051</u>	<u>\$ 3,439,704</u>	<u>\$ 3,444,958</u>	<u>\$ 3,319,190</u>	<u>\$ 3,321,364</u>	<u>\$ 3,128,917</u>	<u>\$ 3,312,223</u>	<u>\$ 2,852,768</u>	<u>\$ 3,142,612</u>
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 20,891	\$ 23,567	\$ 18,095	\$ 23,731	\$ 57,678	\$ 45,947	\$ 20,537	\$ 27,371	\$ 22,178	\$ 77,444
Total Governmental Activities Program Revenues	<u>20,891</u>	<u>23,567</u>	<u>18,095</u>	<u>23,731</u>	<u>57,678</u>	<u>45,947</u>	<u>20,537</u>	<u>27,371</u>	<u>22,178</u>	<u>77,444</u>
Total Business-type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Program Revenues	<u>\$ 20,891</u>	<u>\$ 23,567</u>	<u>\$ 18,095</u>	<u>\$ 23,731</u>	<u>\$ 57,678</u>	<u>\$ 45,947</u>	<u>\$ 20,537</u>	<u>\$ 27,371</u>	<u>\$ 22,178</u>	<u>\$ 77,444</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (3,597,081)	\$ (3,022,884)	\$ (3,421,609)	\$ (3,421,227)	\$ (3,261,512)	\$ (3,275,417)	\$ (3,108,204)	\$ (3,284,498)	\$ (2,830,236)	\$ (3,064,815)
Business-type Activities	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>(354)</u>	<u>(354)</u>	<u>(353)</u>
Total District-wide Net Expense	<u>\$ (3,597,081)</u>	<u>\$ (3,023,484)</u>	<u>\$ (3,421,609)</u>	<u>\$ (3,421,227)</u>	<u>\$ (3,261,512)</u>	<u>\$ (3,275,417)</u>	<u>\$ (3,108,380)</u>	<u>\$ (3,284,852)</u>	<u>\$ (2,830,590)</u>	<u>\$ (3,065,168)</u>

(Continued)

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

	Fiscal Year Ended June 30,										
	<u>2022^{*^}</u>	<u>2021^{*^}</u>	<u>2020^{*^}</u>	<u>2019^{*^}</u>	<u>2018^{*^}</u>	<u>2017^{*^}</u>	<u>2016[*]</u>	<u>2015[*]</u>	<u>2014</u>	<u>2013</u>	
General Revenues and Other Changes in Net Position:											
Governmental Activities:											
Property Taxes Levied for General Purposes, Net	\$ 806,987	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Federal and State Aid Not Restricted	2,009,235	2,192,038	2,308,711	2,451,558	2,481,818	2,514,880	2,507,356	2,504,626	2,493,590	2,351,653	
Miscellaneous Income	4,211	629,367	69,174	299,740	706,422	53,824	195,861	897,205	31,491	20,281	
Loss on Disposal		(1,167)									
Transfers							(49,418)	(54,306)	142	(33,472)	
Total Governmental Activities	<u>2,820,433</u>	<u>3,611,402</u>	<u>3,169,049</u>	<u>3,542,462</u>	<u>3,979,404</u>	<u>3,359,868</u>	<u>3,444,963</u>	<u>4,138,689</u>	<u>3,316,387</u>	<u>3,129,626</u>	
Total Business-type Activities	-	-	-	-	-	-	-	-	-	-	
Total District-wide	<u>\$ 2,820,433</u>	<u>\$ 3,611,402</u>	<u>\$ 3,169,049</u>	<u>\$ 3,542,462</u>	<u>\$ 3,979,404</u>	<u>\$ 3,359,868</u>	<u>\$ 3,444,963</u>	<u>\$ 4,138,689</u>	<u>\$ 3,316,387</u>	<u>\$ 3,129,626</u>	
Change in Net Position:											
Governmental Activities	\$ (776,647)	\$ 588,518	\$ (252,560)	\$ 121,235	\$ 717,892	\$ 84,451	\$ 336,759	\$ 854,191	\$ 486,151	\$ 64,811	
Business-type Activities	-	(600)	-	-	-	-	(176)	(354)	(354)	(353)	
Total District	<u>\$ (776,647)</u>	<u>\$ 587,918</u>	<u>\$ (252,560)</u>	<u>\$ 121,235</u>	<u>\$ 717,892</u>	<u>\$ 84,451</u>	<u>\$ 336,583</u>	<u>\$ 853,837</u>	<u>\$ 485,797</u>	<u>\$ 64,458</u>	

* Amounts for the years 2015 through 2022 include the revenues and expenses associated with the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

^ Amounts for the years 2017 through 2022 include the revenues and expenses associated with the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Source: District Records (Exhibit A-2)

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

	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:										
Restricted:										
Other Reserves	\$ 2,322,139	\$ 2,938,910	\$ 1,753,883	\$ 1,841,530	\$ 1,986,240	\$ 1,394,758	\$ 1,563,988	\$ 1,572,336	\$ 1,021,800	\$ 514,779
Assigned:										
Designated for Subsequent Year's Expenditures	43,917	28,803	855,461	1,001,893	702,837	561,358	276,900	316,686		
Unassigned	122,077	293,917	48,858	39,026	33,973	17,225	11,152	8,675	16,411	18,595
Total General Fund	<u>\$ 2,488,133</u>	<u>\$ 3,261,630</u>	<u>\$ 2,658,202</u>	<u>\$ 2,882,449</u>	<u>\$ 2,723,050</u>	<u>\$ 1,973,341</u>	<u>\$ 1,852,040</u>	<u>\$ 1,897,697</u>	<u>\$ 1,038,211</u>	<u>\$ 533,374</u>
All Other Governmental Funds:										
Assigned:										
Preschool Education Aid	\$ 20,817									
Unassigned (Deficit), Reported in:										
Special Revenue Fund (Deficit)		\$ (74)	\$ (2,014)	\$ (1,983)	\$ (5,866)	\$ (4,888)	\$ (1,955)	\$ (2,940)	\$ (983)	\$ (2,804)
Total All Other Governmental Funds	<u>\$ 20,817</u>	<u>\$ (74)</u>	<u>\$ (2,014)</u>	<u>\$ (1,983)</u>	<u>\$ (5,866)</u>	<u>\$ (4,888)</u>	<u>\$ (1,955)</u>	<u>\$ (2,940)</u>	<u>\$ (983)</u>	<u>\$ (2,804)</u>

Source: District Records (Exhibit B-1)

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

	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:										
Tax Levy	\$ 806,987	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Interest Earnings			69,154	17,827	7,853	3,502	2,230	3,032	4,018	2,841
Miscellaneous	4,211	629,367	20	287,140	699,642	50,322	193,631	894,173	27,473	17,440
State Sources	<u>2,030,126</u>	<u>2,192,038</u>	<u>2,395,258</u>	<u>2,475,289</u>	<u>2,539,496</u>	<u>2,560,827</u>	<u>2,527,893</u>	<u>2,531,997</u>	<u>2,515,768</u>	<u>2,429,097</u>
Total Revenue	<u>2,841,324</u>	<u>3,612,569</u>	<u>3,255,596</u>	<u>3,571,420</u>	<u>4,038,155</u>	<u>3,405,815</u>	<u>3,514,918</u>	<u>4,220,366</u>	<u>3,338,423</u>	<u>3,240,542</u>
Expenditures:										
Support Services:										
Tuition	2,680,973	2,498,740	2,816,117	2,721,522	2,710,344	2,759,480	2,608,253	2,798,655	2,396,866	2,538,218
School Administrative Services	81,653	86,292	71,433	65,508	75,492	82,089	85,420	95,024	82,768	121,548
Other Administrative Services	135,723	53,566	37,046	36,341	42,667	18,850	23,896	21,728	15,769	36,355
Plant Operations and Maintenance	133,495	121,465	106,844	84,053	119,633	74,699	85,630	108,758	94,137	74,929
Pupil Transportation	562,086	233,500	444,728	496,997	326,591	341,345	287,787	261,326	223,497	292,566
Unallocated Benefits		3,788	3,706	3,717	3,712	3,736	7,898	7,893	21,332	81,194
Capital Outlay					10,985	7,248	411,288	15,147	342	222
Total Expenditures	<u>3,593,930</u>	<u>2,997,351</u>	<u>3,479,874</u>	<u>3,408,138</u>	<u>3,289,424</u>	<u>3,287,447</u>	<u>3,510,172</u>	<u>3,308,531</u>	<u>2,834,711</u>	<u>3,145,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(752,606)</u>	<u>615,218</u>	<u>(224,278)</u>	<u>163,282</u>	<u>748,731</u>	<u>118,368</u>	<u>4,746</u>	<u>911,835</u>	<u>503,712</u>	<u>95,510</u>
Other Financing Sources (Uses):										
Transfers (Net)	-	-	-	-	-	-	(49,418)	(54,306)	142	(33,472)
Net Change in Fund Balances	<u>\$ (752,606)</u>	<u>\$ 615,218</u>	<u>\$ (224,278)</u>	<u>\$ 163,282</u>	<u>\$ 748,731</u>	<u>\$ 118,368</u>	<u>\$ (44,672)</u>	<u>\$ 857,529</u>	<u>\$ 503,854</u>	<u>\$ 62,038</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District Records (Exhibit B-2)

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

	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Refunds of Prior Year Expenses									\$ 464	
Interest on Investments	\$ 3,979	\$ 5,383	\$ 69,154	\$ 17,827	\$ 7,853	\$ 3,502	\$ 2,230	\$ 3,032	4,018	\$ 2,841
Prior Year Tuition		623,984		273,781	699,642	48,963	193,546	2,751	26,183	
Prior Year Order Adjustment						1,100		890,736	890,736	3,896
Miscellaneous	233		20	13,359		259	85	686	263	13,544
	<u>\$ 4,211</u>	<u>\$ 629,367</u>	<u>\$ 69,174</u>	<u>\$ 304,967</u>	<u>\$ 707,495</u>	<u>\$ 53,824</u>	<u>\$ 195,861</u>	<u>\$ 897,205</u>	<u>\$ 921,664</u>	<u>\$ 20,281</u>

Source: District Records

REVENUE CAPACITY INFORMATION

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

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

<u>Year Ended Dec. 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (1)</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate (2)</u>
2022	\$ 4,867,500	\$ 78,003,200	\$ 5,271,500	\$ 681,000	\$ 340,800	\$ 89,164,000	\$ 321,735	\$ 89,485,735	\$ 99,192,346	\$ 0.938
2021	4,891,100	77,348,600	5,189,700	681,000	340,800	88,451,200	359,206	88,810,406	87,601,466	0.900
2020	5,898,600	77,279,200	5,089,700	681,000	340,800	89,289,300	355,583	89,644,883	85,069,836	0.883
2019	5,960,500	76,738,100	5,230,800	681,000	340,800	88,951,200	355,334	89,306,534	84,051,025	0.886
2018	6,150,000	76,643,700	4,773,300	681,000	340,800	88,588,800	351,631	88,940,431	84,814,552	0.889
2017	6,162,000	76,349,700	4,773,300	681,000	416,200	88,382,200	346,328	88,728,528	84,083,435	0.891
2016	6,254,400	77,075,800	4,635,600	681,000	416,200	89,063,000	345,102	89,408,102	89,063,000	0.884
2015	6,419,700	77,365,600	4,688,100	681,000	416,200	89,570,600	350,193	89,920,793	89,570,600	0.949
2014	6,712,800	77,040,100	4,688,100	681,000	416,200	89,538,200	339,931	89,878,131	82,380,459	0.880
2013	6,837,800	77,481,600	4,688,100	778,500	416,200	90,202,200	400,480	90,602,680	88,410,516	0.873

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

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	Borough of <u>Chesilhurst</u>	Camden <u>County</u>	
2022	\$ 0.938		\$ 0.938	\$ 1.899	\$ 0.873	\$ 3.710
2021	0.900		0.900	1.844	0.837	3.581
2020	0.883		0.883	1.784	0.810	3.477
2019	0.886		0.886	1.708	0.819	3.413
2018	0.889		0.889	1.652	0.856	3.397
2017	0.891		0.891	1.579	0.848	3.318
2016	0.884		0.884	1.490	0.832	3.206
2015	0.949		0.949	1.413	0.800	3.162
2014	0.880		0.880	1.362	0.779	3.021
2013	0.873		0.873	1.306	0.820	2.999

Source: Municipal Tax Collector

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Ten Years Ago
Unaudited

<u>Taxpayer</u>	<u>2022</u>			<u>Taxpayer</u>	<u>2013</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Woods, Bernard & Della	\$ 1,426,700	1	1.44%				
Fourth Garden Park LTD Partners	1,358,000	2	1.37%				
Macauley, George & Deneen	550,000	3	0.55%				
214 Mallory Ave Partners, LLC	498,600	4	0.50%				
South Jersey Gas Company	457,500	5	0.46%				
Myers, Gloria & Edward Sr	400,800	6	0.40%				
WKM, LLC	345,600	7	0.35%				
Phillips, George	340,800	8	0.34%				
JAS Petroleum LLC	332,100	9	0.33%				
Schwartz, Erico	329,400	10	0.33%				
Total	<u>\$ 6,039,500</u>		<u>4.65%</u>		<u>\$ -</u>		

Information Not Available

Source: District ACFR & Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2022	\$ 806,987	\$ 739,739	91.67%	\$ 67,248
2021	791,164	395,582	50.00%	395,582
2020	791,164	791,164	100.00%	
2019	791,164	791,164	100.00%	
2018	791,164	791,164	100.00%	
2017	791,164	593,706	75.04%	197,458
2016	791,164	593,573	75.03%	197,591
2015	791,164	527,443	66.67%	263,721
2014	791,164	725,234	91.67%	65,930
2013	791,164	791,164	100.00%	

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

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

Debt Capacity Information

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

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

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Business-Type <u>Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	Outstanding Debt Per <u>Capital (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Loans</u>	<u>Capital Leases</u>	<u>Bond Authorized but not Issued</u>	<u>Capital Leases</u>			
2022								
2021								
2020								
2019								
2018								
2017								
2016								
2015								
2014								
2013								

N/A - This District has no outstanding debt.

Sources:

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

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Percentage of Net Assessed Valuation <u>Taxable (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds/Loans (1)</u>	<u>Deductions</u>		
2022				
2021				
2020				
2019				
2018	N/A - This District has no outstanding debt.			
2017				
2016				
2015				
2014				
2013				

Sources:

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2021
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Chesilhurst Borough</u>
Municipal Debt: (1) Chesilhurst Borough	\$ 522,500	\$ -	\$ 522,500	\$ 522,500
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	37,050,000	16,715,177 (3)	20,334,823 (5)	44,127
Notes	10,461,125		10,461,125 (5)	22,701
Loan Agreement	345,677,884		345,677,884 (5)	750,121
Bonds Issued by Other Public Bodies Guaranteed by the County	239,049,706	239,049,706 (4)		
	<u>632,238,715</u>	<u>255,764,883</u>	<u>376,473,832</u>	<u>816,948</u>
	<u>\$ 632,761,215</u>	<u>\$ 255,764,883</u>	<u>\$ 376,996,332</u>	<u>\$ 1,339,448</u>

Sources:

- (1) 2021 Annual Debt Statement
- (2) County's 2021 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2021 Equalized Value, which is 0.217%.
 The source for this computation was the 2021 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized valuation basis (1)		2021	\$ 98,399,377
		2020	88,431,514
		2019	<u>84,747,713</u>
			<u>\$ 271,578,604</u>
Average equalized valuation of taxable property			<u>\$ 90,526,201</u>
Debt limit (2.5% of average equalization value) (2)	\$		2,263,155
Total Net Debt Applicable to Limit			<u>-</u>
Legal Debt Margin	\$		<u>2,263,155</u>

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 2,263,155	\$ 2,140,732	\$ 2,108,942	\$ 2,108,888	\$ 2,112,643	\$ 2,146,926	\$ 2,127,910	\$ 2,168,972	\$ 2,168,684	\$ 2,209,694
Total net debt applicable to limit (3)										
Legal debt margin	<u>\$ 2,263,155</u>	<u>\$ 2,140,732</u>	<u>\$ 2,108,942</u>	<u>\$ 2,108,888</u>	<u>\$ 2,112,643</u>	<u>\$ 2,146,926</u>	<u>\$ 2,127,910</u>	<u>\$ 2,168,972</u>	<u>\$ 2,168,684</u>	<u>\$ 2,209,694</u>
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2022	Unavailable	Unavailable	Unavailable	Unavailable
2021	1539	Unavailable	Unavailable	8.7%
2020	1610	\$ 94,716,300	\$ 58,830	11.4%
2019	1617	90,196,260	55,780	4.6%
2018	1621	87,700,963	54,103	6.1%
2017	1622	84,146,116	51,878	6.7%
2016	1620	80,015,040	49,392	7.4%
2015	1616	77,703,744	48,084	8.3%
2014	1614	75,674,004	46,886	10.5%
2013	1618	72,934,586	45,077	15.7%

Source:

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

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

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Information is not available		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
	-			-		

Source: Individual Employers

Operating Information

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

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	N/A - This District is a non-operating district.									
Support Services:										
General Administrative Services										
Total	-	-	-	-	-	-	-	-	-	-

Source: District Records

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

Fiscal Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2022										
2021										
2020										
2019										
2018										
2017										
2016										
2015										
2014										
2013										

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

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>District Building</u>										
<u>Elementary</u>										
Shirley B. Foster (1975)										
Square Feet	37,350	37,350	37,350	37,350	37,350	37,350	37,350	37,350	15,234	15,234
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Schools at June 30, 2022										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Records

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

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

<u>School Facilities</u>	<u>School #</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Shirley B. Foster Elementary	N/A	\$ 26,320	\$ 26,050	\$ 73,563	\$ 54,913	\$ 85,991	\$ 47,327	\$ 50,078	\$ 57,197	\$ 42,602	\$ 31,415
Total School Facilities		<u>\$ 26,320</u>	<u>\$ 26,050</u>	<u>\$ 73,563</u>	<u>\$ 54,913</u>	<u>\$ 85,991</u>	<u>\$ 47,327</u>	<u>\$ 50,078</u>	<u>\$ 57,197</u>	<u>\$ 42,602</u>	<u>\$ 31,415</u>

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

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Insurance Schedule
As of June 30, 2022
Unaudited

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

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Borough of Chesilhurst School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2022. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, and State of New Jersey Circular 15-08-OMB, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major state program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*; the Office of School Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and State of New Jersey Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2022-001. Our opinion on the major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Chesilhurst School District's response to the noncompliance finding identified in our audit described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as Finding No. 2022-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

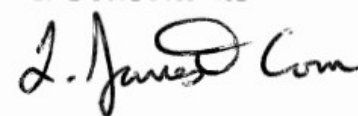
Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Chesilhurst School District's response to the internal control over compliance finding identified in our audit described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



L. Jarred Corn
Certified Public Accountant
Public School Accountant No. 20CS00219700

Voorhees, New Jersey
February 24, 2023

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2022

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

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2022

<u>Balance June 30, 2021</u>				Repayment of Prior Years' Balances	<u>Budgetary Expenditures</u>				Passed Through to Subrecipients	<u>Balance June 30, 2022</u>		
Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Adjustments		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures	Accounts Receivable		Unearned Revenue	Due to Grantor	
\$ -	\$ 2,603.36	\$ -	\$ -	\$ 2,603.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2022

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Matching</u>	<u>Grant Period</u>		<u>Balance June 30, 2021</u>	
				<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>
General Fund:							
State Department of Education:							
Equalization Aid	22-495-034-5120-078	\$ 1,533,518.00	N/A	7-1-21	6-30-22		
Equalization Aid	21-495-034-5120-078	1,533,518.00	N/A	7-1-20	6-30-21	\$(152,966.18)	
Special Education Categorical Aid	22-495-034-5120-089	95,861.00	N/A	7-1-21	6-30-22		
Special Education Categorical Aid	21-495-034-5120-089	95,861.00	N/A	7-1-20	6-30-21	(9,564.55)	
Security Aid	22-495-034-5120-084	50,877.00	N/A	7-1-21	6-30-22		
Security Aid	21-495-034-5120-084	50,877.00	N/A	7-1-20	6-30-21	(5,076.26)	
Adjustment Aid	22-495-034-5120-085	118,597.00	N/A	7-1-21	6-30-22		
Adjustment Aid	21-495-034-5120-085	280,307.00	N/A	7-1-20	6-30-21	(27,967.67)	
Total State Aid - Public						(195,574.66)	\$ -
Transportation Aid	22-495-034-5120-014	170,166.00	N/A	7-1-21	6-30-22		
Transportation Aid	21-495-034-5120-014	170,166.00	N/A	7-1-20	6-30-21	(16,978.34)	
Additional NP School Transportation Aid	22-495-034-5120-014	580.00	N/A	7-1-21	6-30-22		
Additional NP School Transportation Aid	21-495-034-5120-014	2,900.00	N/A	7-1-20	6-30-21	(2,900.00)	
Total Transportation Aid						(19,878.34)	-
Extraordinary Aid	22-495-034-5120-044	17,821.00	N/A	7-1-21	6-30-22		
Extraordinary Aid	21-495-034-5120-044	41,017.00	N/A	7-1-20	6-30-21	(41,017.00)	
Total Extraordinary Aid						(41,017.00)	-
Total General Fund						(256,470.00)	-
Special Revenue Fund:							
State Department of Education:							
Preschool Education Aid	22-495-034-5120-086	20,824.00	N/A	7-1-21	6-30-22		
Preschool Education Aid	21-495-034-5120-086	20,478.00	N/A	7-1-20	6-30-21	(2,084.00)	
Preschool Education Aid	20-495-034-5120-086	20,136.00	N/A	7-1-19	6-30-20	2,010.00	
Total Special Revenue Fund						(74.00)	-
Total State Financial Assistance						\$(256,544.00)	\$ -

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2022

<u>Cash Received</u>	<u>Adjustments</u>	<u>Total Budgetary Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Balance June 30, 2022</u>			<u>Memo</u>	
				<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable June 30, 2022</u>	<u>Cumulative Total Expenditures</u>
\$ 1,384,966.00		\$ 1,533,518.00		\$ (148,552.00)			\$ (148,552.00)	\$ 1,533,518.00
152,966.18								
86,575.00		95,861.00		(9,286.00)			(9,286.00)	95,861.00
9,564.55								
45,949.00		50,877.00		(4,928.00)			(4,928.00)	50,877.00
5,076.26								
107,109.00		118,597.00		(11,488.00)			(11,488.00)	118,597.00
27,967.67								
1,820,173.66	\$ -	1,798,853.00	\$ -	(174,254.00)	\$ -	\$ -	(174,254.00)	1,798,853.00
153,682.00		170,166.00		(16,484.00)			(16,484.00)	170,166.00
16,978.34								
		580.00		(580.00)				580.00
2,900.00								
173,560.34	-	170,746.00	-	(17,064.00)	-	-	(16,484.00)	170,746.00
		17,821.00		(17,821.00)				17,821.00
41,017.00								
41,017.00	-	17,821.00	-	(17,821.00)	-	-	-	17,821.00
2,034,751.00	-	1,987,420.00	-	(209,139.00)	-	-	(190,738.00)	1,987,420.00
18,807.00				(2,017.00)	20,824.00		(2,017.00)	
2,084.00					2,010.00			
20,891.00	-	-	-	(2,017.00)	22,834.00	-	(2,017.00)	-
\$ 2,055,642.00	\$ -	\$ 1,987,420.00	\$ -	\$ (211,156.00)	\$ 22,834.00	\$ -	\$ (192,755.00)	\$ 1,987,420.00

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$21,815.00 for the general fund, \$20,891.00 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>State</u>
General	\$ 2,009,235.00
Special Revenue	<u>20,891.00</u>
GAAP Basis Revenues	<u>2,030,126.00</u>
GAAP Adjustments:	
State Aid Payments	(21,882.00)
Change in carryover of Preschool Carryover Funds	<u>(20,824.00)</u>
	<u>(42,706.00)</u>
Total Awards and Financial Assistance Expended	<u>\$ 1,987,420.00</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: MAJOR PROGRAMS

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Cost:
For the Fiscal Year Ended June 30, 2022

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified' x yes no

Significant deficiency(ies) identified' yes x none reported

Noncompliance material to financial statements noted' x yes no

Federal Awards

N/A - Not Required

Internal control over major programs

Material weakness(es) identified' yes no

Significant deficiency(ies) identified' yes none reported

Type of auditor's report issued on compliance for major program: _____

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 20C *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A program: _____

Auditee qualified as low-risk auditee' yes no

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Cost:
For the Fiscal Year Ended June 30, 2022

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

State Financial Assistance

Internal control over major programs

Material weakness(es) identified' yes no

Significant deficiency(ies) identified' yes none reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee' yes no

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2022

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2022-001

Criteria or Specific Requirement

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

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

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

Condition

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

Context

During our testing of expenditures, we noted the following:

- Ten vouchers were not properly approved before issuing payment.
- Ten instances where the School District charged an incorrect budget account.

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

Effect or Potential Effect

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

Cause

Unknown

Recommendation

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

View of Responsible Officials and Planned Corrective Action

The District was able to make great strides in regard to improvements in internal controls over expenditures in fiscal year 2022 compared to fiscal year 2021. The District was able to set forth a multitude of internal controls to help alleviate the inefficiencies that were reported in our audit for fiscal year 2021. The District will continue to improve on its internal controls which will help ensure all expenditures are charged to the correct budget accounts going forward.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2022

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

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

Finding No. 2022-001

Information on the State Program

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

Criteria or Specific Requirement

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

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

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

Condition

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

Questioned Costs

None

Context

During our testing of expenditures, we noted the following:

- Ten vouchers were not properly approved before issuing payment.
- Ten instances where the School District charged an incorrect budget account.

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

Effect or Potential Effect

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

Cause

Unknown

Identification as a Repeat Finding

While some improvements have been made, there are still some issues that existed in the immediately preceding fiscal year – See Finding No. 2021-006.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

Finding No. 2022-001 (Cont'd)

Recommendation

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

View of Responsible Officials and Planned Corrective Action

The District was able to make great strides in regard to improvements in internal controls over expenditures in fiscal year 2022 compared to fiscal year 2021. The District was able to set forth a multitude of internal controls to help alleviate the inefficiencies that were reported in our audit for fiscal year 2021. The District will continue to improve on its internal controls which will help ensure all expenditures are charged to the correct budget accounts going forward.

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2021-001

Condition

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

Current Status

The condition has been corrected.

Finding No. 2021-002

Condition

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

Current Status

The condition has been corrected.

Finding No. 2021-003

Condition

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

Current Status

The condition has been corrected.

Finding No. 2021-004

Condition

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

Current Status

The condition has been corrected.

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

FINANCIAL STATEMENT FINDINGS (CONT'D)

Finding No. 2021-005

Condition

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

Current Status

The condition has been corrected.

Finding No. 2021-006

Condition

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

Current Status

While some improvements have been made, there are still some issues that continue to exist as finding no. 2022-001.

Planned Corrective Action

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

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2021-006

Information on the State Program

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

Condition

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

Current Status

While some improvements have been made, there are still some issues that continue to exist as finding no. 2022-001.

Planned Corrective Action

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

