

CHESTER SCHOOL DISTRICT

**Chester School District
Chester, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

**Annual Comprehensive
Financial Report**

of the

**Chester School District
Board of Education**

Chester, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

**Chester School District
Board Office**

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INTRODUCTORY SECTION
UNAUDITED



Dr. Christina Van Woert
Superintendent of Schools

Peter Frascella
School Business Administrator

October 31, 2024

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

Dear Honorable President and Board Members:

The annual comprehensive financial report of the Chester School District for the fiscal year ended June 30, 2024 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Chester School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to preschool through eighth grade for the students residing in Chester Township and Chester Borough and is considered a Consolidated School District. These include regular as well as special services for children with learning disabilities. The District also provides summer special education courses.

The schools are organized on a K-2, 3-5 and 6-8 system and include Dickerson Elementary School, Bragg Intermediate School and Black River Middle School, all operating on a full-day schedule including Kindergarten, along with an integrated preschool.

(2) ENROLLMENT: The District completed the 2023-2024 fiscal year with an enrollment of 1,034 students, which is 15 less students than the previous year's enrollment.

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

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

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

MATH

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

SCIENCE

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

LANGUAGE ARTS/LITERACY

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

SOCIAL STUDIES

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

TECHNOLOGY

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

FACILITIES

The District has continued to make it a priority to deposit excess funds in the Capital Reserve and Maintenance Reserve Accounts to ensure that the District’s infrastructure remains in good condition. Projects for the 2023-24 school year involved the completion of the partial ceiling replacement at Black River Middle School, water remediation project at Bragg and generator upgrades at Dickerson. The District provides for the maintenance of the buildings in the annual budget. The district continues to pursue long range planning initiatives. Additionally, the District has been aggressive in addressing facility needs by continuing to engage in facilities planning along with following the Districts Long Range Facility Plan that was updated in February of 2020. Numerous capital projects and facilities improvements have resulted from these budget and facilities planning activities.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District management. As part of the District’s single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2024.

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

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

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

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

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

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

The Honorable President and Members of
the Board of Education
Chester School District
Page 5
October 31, 2024

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

Respectfully submitted,

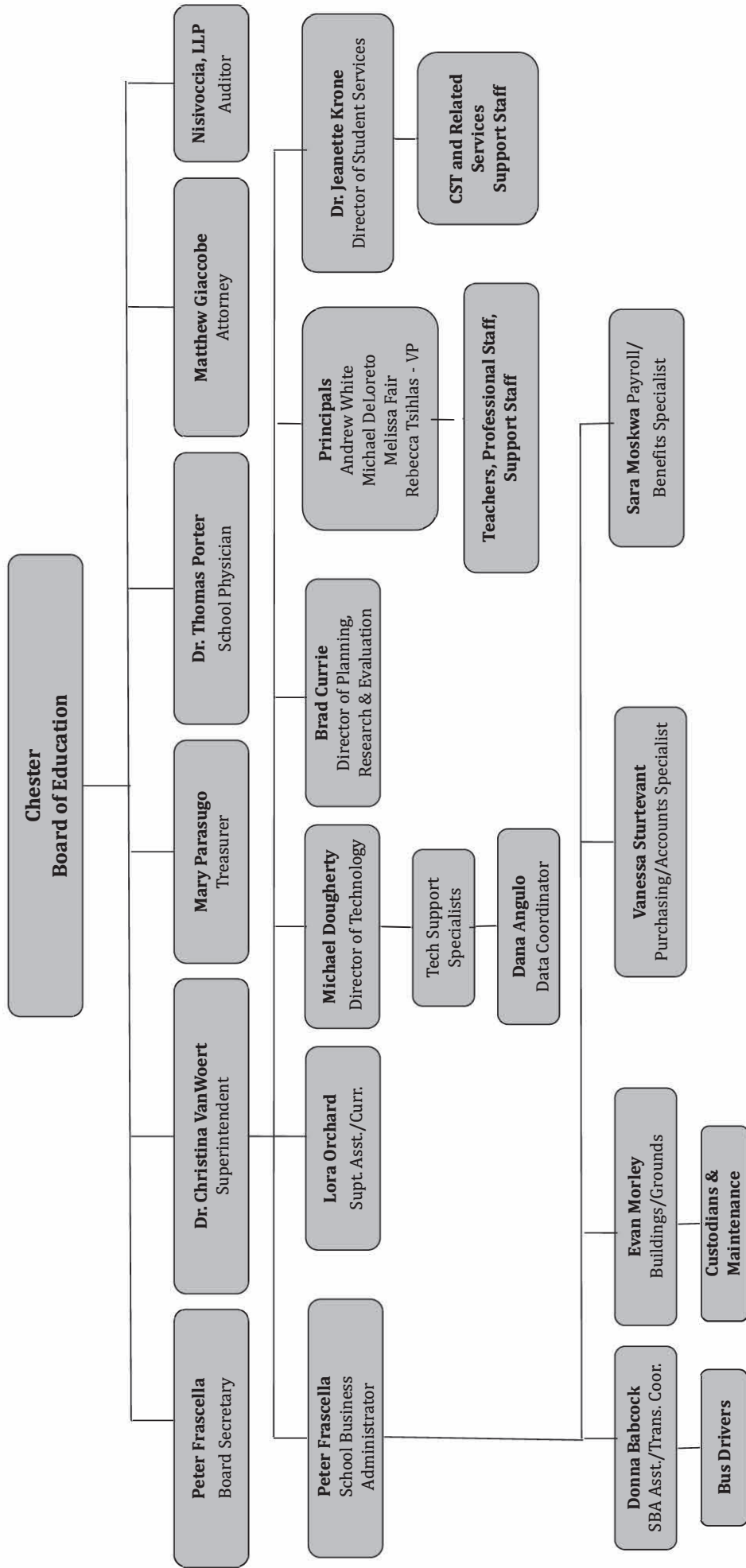
Christina Van Woert

Christina Van Woert, Ed. D.
Superintendent of Schools

Peter Frascella

Peter Frascella
School Business Administrator/Board Secretary

Chester Public Schools Organization Chart 2023-2024



**CHESTER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sarah Schultz - President	2024
John Barounis - Vice President	2024
Carolyn Byszewski	2026
Adam Colicchio	2025
Matthew Downs	2024
Erik Arostegui	2026
Suzanne Dundon	2026
Melissa Mauro-Duffy	2025
Adam Sorchini	2025

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

CHESTER SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

and

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

and

1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Attorney

Danielle A. Panizzi
Machado Law Group
1 Cleveland Place
Springfield, NJ 07081

Official Depository

Valley National Bank
2 Main Street
Chester, NJ 07930

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of Chester School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, 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 (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, 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 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 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, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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 District’s basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

October 31, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

This section of the Chester School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

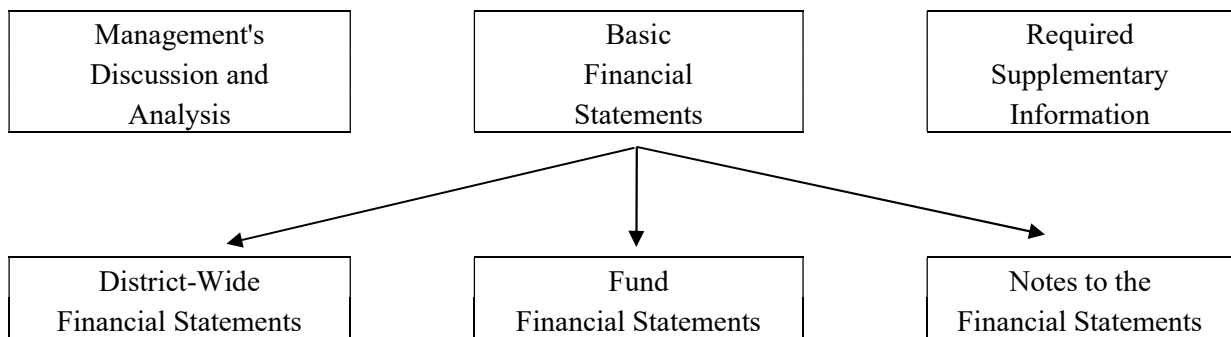


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Basic Financial Statements:

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$245,661. Net position from governmental activities increased by \$144,196 and net position from business-type activities increased by \$101,465. Net investment in capital assets decreased by \$665,583, restricted net position increased by \$816,606, and unrestricted net position increased by \$94,638.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	Change 2023/2024
Assets:							
Current and Other Assets	\$ 9,668,414	\$ 9,076,906	\$ 400,956	\$ 372,798	\$ 10,069,370	\$ 9,449,704	
Capital Assets, Net	15,621,660	17,151,913	180,001	110,971	15,801,661	17,262,884	
Total Assets	25,290,074	26,228,819	580,957	483,769	25,871,031	26,712,588	-3.15%
Deferred Outflows of Resources	1,524,677	1,937,326			1,524,677	1,937,326	-21.30%
Liabilities:							
Other Liabilities	770,688	673,365	42,998	47,275	813,686	720,640	
Long-Term Liabilities	15,977,612	17,414,939			15,977,612	17,414,939	
Total Liabilities	16,748,300	18,088,304	42,998	47,275	16,791,298	18,135,579	-7.41%
Deferred Inflows of Resources	725,533	881,119			725,533	881,119	-17.66%
Net Position:							
Net Investment in							
Capital Assets	4,853,279	5,587,892	180,001	110,971	5,033,280	5,698,863	
Restricted	8,549,341	7,732,735			8,549,341	7,732,735	
Unrestricted/(Deficit)	(4,061,702)	(4,123,905)	357,958	325,523	(3,703,744)	(3,798,382)	
Total Net Position	\$ 9,340,918	\$ 9,196,722	\$ 537,959	\$ 436,494	\$ 9,878,877	\$ 9,633,216	2.55%

Changes in Net Position. Net position in the governmental activities increased due primarily to the maturity of long term liabilities, changes in net pension liability and related deferred outflows and inflows of resources, capital assets additions offset by depreciation expense as well as excess revenues and unexpended budget balances in the General Fund. An explanation for the change in net position for business-type activities is included later in this section of the report.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percent- age Change
	2023/2024	2023/2024	2022/2023	2022/2023	2023/2024	2022/2023	2023/2024
Revenue:							
Program Revenue:							
Charges for Services	\$ 557,967	\$ 484,192	\$ 636,048	\$ 477,466	\$ 1,042,159	\$ 1,113,514	
Operating Grants and Contributions	6,167,950	135,414	5,836,607	148,404	6,303,364	5,985,011	
General Revenue:							
Property Taxes	23,079,871		22,795,899		23,079,871	22,795,899	
Unrestricted State and Federal Aid	92,819		92,878		92,819	92,878	
Other	578,750	21,417	505,404	11,843	600,167	517,247	
Total Revenue	<u>30,477,357</u>	<u>641,023</u>	<u>29,866,836</u>	<u>637,713</u>	<u>31,118,380</u>	<u>30,504,549</u>	2.01%
Expenses:							
Instruction	16,195,353		15,811,901		16,195,353	15,811,901	
Pupil and Instruction Services	5,064,414		5,007,516		5,064,414	5,007,516	
Administrative and Business	3,172,241		2,893,262		3,172,241	2,893,262	
Maintenance and Operations	2,855,880		2,826,629		2,855,880	2,826,629	
Transportation	2,321,801		2,211,283		2,321,801	2,211,283	
Other	723,472	539,558	732,085	501,816	1,263,030	1,233,901	
Total Expenses	<u>30,333,161</u>	<u>539,558</u>	<u>29,482,676</u>	<u>501,816</u>	<u>30,872,719</u>	<u>29,984,492</u>	2.96%
Change in Net Position	<u>\$ 144,196</u>	<u>\$ 101,465</u>	<u>\$ 384,160</u>	<u>\$ 135,897</u>	<u>\$ 245,661</u>	<u>\$ 520,057</u>	-52.76%

Governmental Activities

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

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

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

Figure A-5

	Net Cost of Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>
Instruction	\$ 16,195,353	\$ 11,478,499	\$ 15,811,901	\$11,028,621
Pupil and Instruction Services	5,064,414	4,206,382	5,007,516	4,029,915
Administrative and Business	3,172,241	2,924,940	2,893,262	2,675,562
Maintenance and Operations	2,855,880	2,547,130	2,826,629	2,826,629
Transportation	2,321,801	1,770,388	2,211,283	1,764,176
Other	723,472	679,905	732,085	685,118
	<u>\$ 30,333,161</u>	<u>\$ 23,607,244</u>	<u>\$ 29,482,676</u>	<u>\$ 23,010,021</u>

Business-Type Activities

The District's business-type activities increased by \$101,004 primarily due to revenues exceeding expenditures.

Financial Analysis of the District's Funds

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

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

General Fund Budgetary Highlights

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

Capital Assets

At year end, the District had \$15,801,661 of capital assets – a decrease of \$1,461,223 as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	
Construction in Progress	\$ 308,750	\$ 129,336			\$ 308,750	\$ 129,336	138.72%
Site Improvements	348,980	403,276			348,980	403,276	-13.46%
Buildings and Building Improvements	14,079,498	15,726,832	\$ 7,544	\$ 8,338	14,087,042	15,735,170	-10.47%
Machinery, Equipment and Furniture	884,432	892,469	172,457	102,633	1,056,889	995,102	6.21%
Total Capital Assets (Net of Depreciation)	<u>\$15,621,660</u>	<u>\$17,151,913</u>	<u>\$ 180,001</u>	<u>\$ 110,971</u>	<u>\$15,801,661</u>	<u>\$17,262,884</u>	-8.46%

During the current fiscal year, the District had capital additions of \$657,693 and depreciated \$2,119,186 of its capital assets.

Long-term Liabilities

At year-end, the District had \$15,977,612 in long term liabilities – a decrease of \$1,437,327 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2023/2024	2022/2023	
Serial Bonds Payable	\$ 11,055,000	\$ 11,825,000	-6.51%
Net Pension Liability	3,964,888	4,534,636	-12.56%
Other Long-Term Liabilities	957,724	1,055,303	-9.25%
Total Long-Term Liabilities	\$ 15,977,612	\$ 17,414,939	-8.25%

- The District continued to pay down its debt, which included retiring \$68,678 finance purchase obligations and \$770,000 in serial bonds payable.
- There was a net increase of \$15,610 in compensated absences payable and a decrease in net pension liability of \$569,748.
- The District also amortized \$44,511 of unamortized bond premiums.

Factors Bearing on the District’s Future

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,491,055	\$ 382,645	\$ 1,873,700
Receivables from State Government	204,677	1,049	205,726
Receivables from Federal Government	246,081	11,098	257,179
Other Accounts Receivable	2,260		2,260
Inventories		6,164	6,164
Restricted Cash and Cash Equivalents	7,724,341		7,724,341
Capital Assets, Net:			
Construction in Progress	308,750		308,750
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	15,312,910	180,001	15,492,911
Total Assets	<u>25,290,074</u>	<u>580,957</u>	<u>25,871,031</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	647,684		647,684
Deferred Outflows Related to Pensions	876,993		876,993
Total Deferred Outflows of Resources	<u>1,524,677</u>		<u>1,524,677</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	533,969	10,026	543,995
Payable to State Government	47,069		47,069
Payable to Federal Government	6,000		6,000
Accrued Interest Payable	118,077		118,077
Unearned Revenue	65,573	32,972	98,545
Noncurrent Liabilities:			
Due Within One Year	900,218		900,218
Due Beyond One Year	15,077,394		15,077,394
Total Liabilities	<u>16,748,300</u>	<u>42,998</u>	<u>16,791,298</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	725,533		725,533
Total Deferred Inflows of Resources	<u>725,533</u>		<u>725,533</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,853,279	180,001	5,033,280
Restricted for:			
Capital Projects	6,393,918		6,393,918
Maintenance	1,029,410		1,029,410
Excess Surplus	825,000		825,000
Unemployment Compensation	153,313		153,313
Student Activities	147,700		147,700
Unrestricted/(Deficit)	<u>(4,061,702)</u>	<u>357,958</u>	<u>(3,703,744)</u>
Total Net Position	<u>\$ 9,340,918</u>	<u>\$ 537,959</u>	<u>\$ 9,878,877</u>

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

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 11,704,217	\$ 365,875	\$ 2,217,224	\$ (9,121,118)		\$ (9,121,118)
Special Education	2,973,780	48,319	1,882,195	(1,043,266)		(1,043,266)
Other Special Instruction	1,303,372		203,241	(1,100,131)		(1,100,131)
School Sponsored	213,984			(213,984)		(213,984)
Support Services:						
Tuition	259,060			(259,060)		(259,060)
Student and Instruction Related Services	4,805,354	143,773	714,259	(3,947,322)		(3,947,322)
General Administrative Services	657,433			(657,433)		(657,433)
School Administrative Services	1,651,862		247,301	(1,404,561)		(1,404,561)
Central Services	575,382			(575,382)		(575,382)
Administrative Information Technology	287,564			(287,564)		(287,564)
Plant Operations and Maintenance	2,855,880		308,750	(2,547,130)		(2,547,130)
Pupil Transportation	2,321,801		551,413	(1,770,388)		(1,770,388)
Special Schools	238,327		43,567	(194,760)		(194,760)
Interest on Long-Term Debt	408,632			(408,632)		(408,632)
Capital Outlay	58,458			(58,458)		(58,458)
Transfer to Charter School	18,055			(18,055)		(18,055)
Total Governmental Activities	30,333,161	557,967	6,167,950	(23,607,244)		(23,607,244)
Business-Type Activities:						
Food Service	539,558	484,192	135,414		\$ 80,048	80,048
Total Business-Type Activities	539,558	484,192	135,414		80,048	80,048
Total Primary Government	\$ 30,872,719	\$ 1,042,159	\$ 6,303,364	\$ (23,607,244)	\$ 80,048	\$ (23,527,196)

CHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Property Taxes, Levied for General Purposes	\$ 23,079,871		\$ 23,079,871
Federal, State and Local Aid not Restricted	92,819		92,819
Interest Earnings	514,853	\$ 21,417	536,270
Miscellaneous Income	63,897		63,897
	23,751,440	21,417	23,772,857
Total General Revenues			
Change in Net Position	144,196	101,465	245,661
Net Position - Beginning	9,196,722	436,494	9,633,216
Net Position - Ending	\$ 9,340,918	\$ 537,959	\$ 9,878,877

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

FUND FINANCIAL STATEMENTS

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,491,055			\$ 1,491,055
Interfund Receivable	127,649			127,649
Receivables From Federal Government		\$ 246,081		246,081
Receivables From State Government	204,677			204,677
Other Account Receivables	2,050	210		2,260
Restricted Cash and Cash Equivalents	7,576,641	147,700		7,724,341
Total Assets	\$ 9,402,072	\$ 393,991	\$ -0-	\$ 9,796,063
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Payable to Federal Government		\$ 6,000		\$ 6,000
Payable to State Government		47,069		47,069
Accounts Payable	\$ 132,755			132,755
Interfund Payable		127,649		127,649
Unearned Revenue		65,573		65,573
Total Liabilities	132,755	246,291		379,046
Fund Balances:				
Restricted:				
Excess Surplus for 2025-2026	450,000			450,000
Excess Surplus for 2024-2025	375,000			375,000
Capital Reserve	6,393,918			6,393,918
Maintenance Reserve	1,029,410			1,029,410
Unemployment Compensation	153,313			153,313
Student Activities		147,700		147,700
Assigned:				
Designated for Subsequent Year's Expenditures	146,721			146,721
Other Purposes	222,322			222,322
Unassigned	498,633			498,633
Total Fund Balances	9,269,317	147,700		9,417,017
Total Liabilities and Fund Balances	\$ 9,402,072	\$ 393,991	\$ -0-	\$ 9,796,063

CHESTER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

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

Total Fund Balances - Governmental Funds (Above)	\$ 9,417,017
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	15,621,660
Long-Term Liabilities, including Bonds Payable, Compensated Absences Payable, Financed Purchases Payable, Net Pension Liability and Unamortized Bond Premiums, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(15,977,612)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(118,077)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	647,684
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(401,214)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	876,993
Deferred Inflows	<u>(725,533)</u>
Net Position of Governmental Activities	<u><u>\$ 9,340,918</u></u>

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

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 21,938,596		\$ 1,141,275	\$ 23,079,871
Tuition from Individuals	365,875			365,875
Tuition from Other LEAs	48,319			48,319
Interest on Capital Reserve	305,029			305,029
Restricted Miscellaneous Revenue	6,716	\$ 143,773		150,489
Unrestricted Miscellaneous Revenue	267,005	3,000		270,005
Total - Local Sources	22,931,540	146,773	1,141,275	24,219,588
State Sources	7,780,662	240,447		8,021,109
Federal Sources		543,526		543,526
Total Revenue	30,712,202	930,746	1,141,275	32,784,223
EXPENDITURES				
Current:				
Regular Instruction	7,146,628	321,015		7,467,643
Special Education Instruction	1,619,775	339,539		1,959,314
Other Special Instruction	698,736			698,736
School Sponsored/Other Instruction	176,289			176,289
Support Services and Undistributed Costs:				
Tuition	259,060			259,060
Student & Instruction Related Services	3,063,790	230,791		3,294,581
General Administrative Services	524,619			524,619
School Administrative Services	1,061,794			1,061,794
Central Services	440,040			440,040
Administration Information Technology	227,566			227,566
Plant Operations and Maintenance	2,395,560			2,395,560
Pupil Transportation	2,081,870			2,081,870
Unallocated Benefits	9,722,911			9,722,911
Debt Service:				
Principal			770,000	770,000
Interest and Other Charges			371,275	371,275
Capital Outlay	610,373	22,920		633,293
Transfer of Funds to Charter Schools	18,055			18,055
Special Schools	157,754			157,754
Total Expenditures	30,204,820	914,265	1,141,275	32,260,360
Excess of Revenue over Expenditures	507,382	16,481		523,863
Fund Balance — July 1	8,761,935	131,219		8,893,154
Fund Balance — June 30	<u>\$ 9,269,317</u>	<u>\$ 147,700</u>	<u>\$ -0-</u>	<u>\$ 9,417,017</u>

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

CHESTER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 523,863
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets are reported in governmental funds as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions in the period.		
	Depreciation Expense	\$ (2,105,088)
	Capital Assets Additions	<u>574,835</u>
		(1,530,253)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (+)		
		(15,610)
Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		68,678
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		770,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the interest paid exceeds the accrued interest the difference is an addition in the reconciliation (+); When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-).		
		5,681
The governmental funds report the effect of the deferred amount on refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)		
		(87,549)
Finally, the governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		44,511
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	569,748
	Changes in Deferred Outflows	(360,459)
	Changes in Deferred Inflows	<u>155,586</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 144,196</u>

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

CHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 382,645
Intergovernmental Accounts Receivable:	
State	1,049
Federal	11,098
Inventories	6,164
	400,956
Total Current Assets	400,956
Non-Current Assets:	
Capital Assets	347,691
Less: Accumulated Depreciation	(167,690)
	180,001
Total Non-Current Assets	180,001
Total Assets	580,957
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	10,026
Unearned Revenue:	
Prepaid Meals	12,052
Donated Commodities	940
Supply Chain Assistance	19,980
	42,998
Total Liabilities	42,998
<u>NET POSITION:</u>	
Investment in Capital Assets	180,001
Unrestricted	357,958
	537,959
Total Net Position	\$ 537,959

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

CHESTER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 274,576
Non-Reimbursable Programs	194,117
Special Events	15,443
Miscellaneous Revenue	56
Total Operating Revenue	484,192
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	144,675
Non-Reimbursable Programs	110,447
Salaries	146,063
Benefits and Payroll Taxes	60,170
Supplies, Insurance & Other Costs	40,031
Management Fee	24,074
Depreciation Expense	14,098
Total Operating Expenses	539,558
Operating Loss	(55,366)
Non-Operating Income:	
Local Sources:	
Interest Income	21,417
State Sources:	
State School Lunch Program	4,981
State Extended Income Eligibility - Lunch	262
Federal Sources:	
National School Lunch Program	57,666
Supply Chain Assistance	35,763
Food Distribution Program	34,417
Local Food for Schools (LFS) Cooperative Program	1,672
COVID-19 P-EBT Cost Reimbursement	653
Total Non-Operating Income	156,831
Change in Net Position	101,465
Net Position - Beginning of Year	436,494
Net Position - End of Year	\$ 537,959

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

CHESTER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 483,584
Payments to Food Service Contractor	(470,005)
Payments to Suppliers	(17,018)
	(3,439)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	21,417
	21,417
Net Cash Provided by Investing Activities	
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(83,128)
	(83,128)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	4,429
Federal Sources	80,484
	84,913
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	19,763
Cash and Cash Equivalents, July 1	362,882
Cash and Cash Equivalents, June 30	\$ 382,645
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (55,366)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	14,098
Food Distribution Program	34,417
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue - Prepaid Sales	(608)
Increase in Unearned Revenue - Donated Commodities	139
Increase in Accounts Payable	4,218
(Increase) in Inventory	(337)
	(3,439)
Net Cash Used for Operating Activities	\$ (3,439)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$34,556 and utilized U.S.D.A. Commodities valued at \$34,417.

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation (Cont'd)

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.

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for fiscal year ending June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 30,723,602	\$ 907,826
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		22,920
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	147,165	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(158,565)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,712,202</u>	<u>\$ 930,746</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 30,204,820	\$ 891,345
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Prior Year Encumbrances		22,920
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 30,204,820	\$ 914,265

E. Cash and Cash Equivalents and Investments

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

K. Capital Assets: (Cont'd)

Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

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

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

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

O. Accrued Salaries and Wages

The District does not allow employees, who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2024.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

P. Compensated Absences

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

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

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

Q. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

R. Unearned Revenue

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

S. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

T. Fund Balance Appropriated:

General Fund: Of the \$9,269,317 General Fund fund balance at June 30, 2024, \$6,393,918 is restricted in a capital reserve; \$1,029,410 is restricted in a maintenance reserve; \$153,313 is restricted for unemployment compensation; \$375,000 is restricted for prior year excess in accordance with N.J.S.A.18A:7F (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; \$450,000 is restricted for current year excess in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; \$222,322 is assigned for year-end encumbrances; \$146,721 is assigned for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year end June 30, 2025. The unassigned fund balance of \$498,633 is \$158,565 less than the actual unassigned fund balance on a budgetary basis due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2025.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2024 of \$147,700 is restricted for student activities.

Debt Service Fund: The Debt Service Fund has \$-0- restricted at June 30, 2024.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as detailed above. P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

U. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions and for the deferred amount on the refundings at June 30, 2024.

The District had deferred inflows of resources related to pensions at June 30, 2024.

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

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

V. Deficit Net Position

The District has a deficit in unrestricted net position of \$4,061,702 in governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, and net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2024.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund at June 30, 2024 for year-end encumbrances and for amounts designated for subsequent year's expenditures.

X. Revenue - Exchange and Nonexchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions (Cont'd)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on investments.

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

Investments: (Cont'd)

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking Accounts	\$ 1,873,700	\$ 7,724,341	\$ 9,598,041

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$9,598,041 and the bank balance was \$10,119,731. The District did not hold any investments during the fiscal year ended June 30, 2024.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution in 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 5,677,664
Increased by: Deposit - Board Resolution June 10, 2024	389,437
Unexpended Money Returned from Capital Outlay	21,788
Interest Earnings	305,029
Ending Balance, June 30, 2024	\$ 6,393,918

The balance in the capital reserve at June 30, 2024 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 1,029,410
Ending Balance, June 30, 2024	\$ 1,029,410

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 129,336	\$ 322,297	\$ (142,883)	\$ 308,750
Total Capital Assets Not Being Depreciated	129,336	322,297	(142,883)	308,750
Capital Assets Being Depreciated:				
Site Improvements	1,775,706			1,775,706
Buildings and Building Improvements	41,926,965	44,270	142,883	42,114,118
Machinery and Equipment	3,107,898	208,268		3,316,166
Total Capital Assets Being Depreciated	46,810,569	252,538	142,883	47,205,990
Governmental Activities Capital Assets	46,939,905	574,835		47,514,740
Less Accumulated Depreciation for:				
Site Improvements	(1,372,430)	(54,296)		(1,426,726)
Buildings and Building Improvements	(26,200,133)	(1,834,487)		(28,034,620)
Machinery and Equipment	(2,215,429)	(216,305)		(2,431,734)
	(29,787,992)	(2,105,088)		(31,893,080)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 17,151,913	\$ (1,530,253)	\$ -0-	\$ 15,621,660

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 248,681	\$ 83,128		\$ 331,809
Buildings and Building Improvements	15,882			15,882
	<u>264,563</u>	<u>83,128</u>		<u>347,691</u>
Less Accumulated Depreciation				
Machinery and Equipment	(146,048)	(13,304)		(159,352)
Buildings and Building Improvements	(7,544)	(794)		(8,338)
	<u>(153,592)</u>	<u>(14,098)</u>		<u>(167,690)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 110,971</u>	<u>\$ 69,030</u>	<u>\$ -0-</u>	<u>\$ 180,001</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 743,421
Special Education	240,673
Other Instruction	228,891
Student and Instruction Related Services	305,968
General Administrative Services	41,360
School Administrative Services	81,830
Central Services	40,665
Administrative Information Technology	20,687
Plant Operations and Maintenance	225,730
Pupil Transportation	175,863
	<u>\$ 2,105,088</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District made transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 8. LONG-TERM LIABILITIES

The following changes occurred in liabilities reported in the district-wide financial statements during the fiscal year:

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024	Due Within One Year
Serial Bonds Payable	\$ 11,825,000		\$ 770,000	\$ 11,055,000	\$ 785,000
Unamortized Bond Premium	303,754		44,511	259,243	44,512
Financed Purchases Payable	170,500		68,678	101,822	70,706
Compensated Absences Payable	581,049	\$ 15,610		596,659	
Net Pension Liability	4,534,636		569,748	3,964,888	
	<u>\$ 17,414,939</u>	<u>\$ 15,610</u>	<u>\$ 1,452,937</u>	<u>\$ 15,977,612</u>	<u>\$ 900,218</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

A. Serial Bonds Payable:

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

The District had bonds outstanding as of June 30, 2024 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
Bond Refunding 2012	12/12/12	03/01/35	2.50%-3.00%	\$ 6,035,000
Bond Refunding 2013	01/15/13	03/01/30	2.25%-4.00%	5,020,000
				<u>\$ 11,055,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 785,000	\$ 354,230	\$ 1,139,230
2026	820,000	336,480	1,156,480
2027	845,000	317,550	1,162,550
2028	885,000	284,350	1,169,350
2029	935,000	249,550	1,184,550
2030-2034	5,530,000	711,350	6,241,350
2035	1,255,000	37,650	1,292,650
	<u>\$ 11,055,000</u>	<u>\$ 2,291,160</u>	<u>\$ 13,346,160</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$44,512 and the long-term portion is \$214,731.

C. Bonds Authorized But Not Issued:

As of June 30, 2024 the District has no bonds authorized but not issued.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The long-term portion of compensated absences payable at June 30, 2024 is \$596,659.

The liability for vested compensated absences of the proprietary fund is recorded within that funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the Food Service Fund.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

E. Financed Purchases Payable:

The District has a financed purchases agreement for commitments for technology equipment which expires in fiscal year 2025 and for two school buses which expires in fiscal year 2026. Of the \$314,132 of financed purchases agreements entered into by the District, \$213,310 has been liquidated as of June 30, 2024. Future minimum financed purchases payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2025	\$ 73,693
June 30, 2026	32,015
Total future minimum financed purchases payments	105,708
Less: amount representing interest	(3,886)
Present value of minimum financed purchases payments	<u>\$ 101,822</u>

The current portion of the financed purchases payable at June 30, 2024 is \$70,706 and the long term portion is \$31,116. The General Fund will be used to liquidate the financed purchases payable.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$3,964,888. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$365,855 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$12,365 to the PERS for normal pension benefits on behalf of the District.

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2024, the District reported a liability of \$3,964,888 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0274%, which was a decrease of 0.0027% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension expense in the amount of \$981 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$12,365 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ 21,537
	2020	5.16		195,967
	2021	5.13	\$ 8,710	
	2022	5.04		22,785
				<u>8,710</u>
Changes in Proportion	2019	5.21	49	
	2020	5.16		25,600
	2021	5.13		85,455
	2022	5.04	410,852	
	2023	5.08		357,982
			<u>410,901</u>	<u>469,037</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	61,402	
	2021	5.00	(510,644)	
	2022	5.00	607,542	
	2023	5.00	(140,041)	
			<u>18,259</u>	<u>-0-</u>
Difference Between Expected and Actual Experience	2019	5.21	1,646	
	2020	5.16	10,918	
	2021	5.13		6,927
	2022	5.04		9,280
	2023	5.08	25,345	
			<u>37,909</u>	<u>16,207</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	401,214	
			<u>\$ 876,993</u>	<u>\$ 725,533</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (224,061)
2025	(113,086)
2026	205,471
2027	(111,556)
2028	(6,522)
	\$ (249,754)

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2023.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,161,440	\$ 3,964,888	\$ 2,946,463

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2024, the State of New Jersey contributed \$3,784,888 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,061,570.

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$43,211,077. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0847%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2022.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		43,211,077
Total	\$	<u>43,211,077</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,061,570 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements. The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
				<u>1,278,925,078</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
				<u>476,283,186</u>
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	\$ (12,327,824,636)

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 4.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2023.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 50,953,701	\$ 43,211,077	\$ 36,689,947

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$14,910 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$20,693 for the fiscal year ended June 30, 2024.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-oheb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members or Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	217,212
Total	369,595

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

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

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years	based on years	based on years
	of service	of service	of service

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	Total OPEB Liability
Balance at June 30, 2022	\$ 43,358,537
Changes for Year:	
Service Cost	1,836,828
Interest on the Total OPEB Liability	1,631,710
Changes of Assumptions	93,383
Differences between Expected and Actual Experience	640,358
Gross Benefit Payments by the State	(1,271,945)
Contributions from Members	41,815
	2,972,149
Net Changes	2,972,149
Balance at June 30, 2023	\$ 46,330,686

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
	Total OPEB Liability Attributable to the District	\$ 54,314,775	\$ 46,330,686

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to District	\$ 38,461,612	\$ 46,330,686	\$ 56,627,389

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$1,458,308 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2023 the State had deferred outflows and inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,669,469
	2018	9.51		1,728,051
	2019	9.29	\$ 254,223	
	2020	9.24	6,215,341	
	2021	9.24	35,376	
	2022	9.13		9,388,093
	2023	9.30	83,342	
			<u>6,588,282</u>	<u>12,785,613</u>
Differences Between Expected and Actual Experience	2018	9.51		1,633,545
	2019	9.29		2,992,225
	2020	9.24	5,792,941	
	2021	9.24		6,803,050
	2022	9.13	966,839	
	2023	9.30		774,221
			<u>6,759,780</u>	<u>12,203,041</u>
Changes in Proportion	N/A	N/A	<u>3,223,101</u>	<u>1,319,048</u>
			<u>\$ 16,571,163</u>	<u>\$ 26,307,702</u>

N/A - Not Available

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (2,310,465)
2025	(2,310,466)
2026	(2,008,121)
2027	(1,183,912)
2028	(242,333)
Thereafter	(3,585,295)
	\$ (11,640,592)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2024 audit report is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2023 is as follows:

Total Assets	\$ 429,049,188
Net Position	\$ 201,308,725
Total Revenue	\$ 160,069,780
Total Expenses	\$ 141,165,428
Change in Net Position	\$ 18,904,352
Member Dividends	\$ 2,599,938

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 6,716	\$ 57,647	\$ 80,492	\$ 153,313
2022-2023	5,622	46,254	33,777	169,442
2021-2022	183	61,857	43,154	151,343

NOTE 12. ECONOMIC DEPENDENCY

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2024:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 127,649	
Special Revenue Fund		\$ 127,649
	\$ 127,649	\$ 127,649

The interfund payable in the Special Revenue Fund is an interfund advanced from the General Fund for the Special Revenue Fund's cash deficit due to the timing of grant reimbursements.

NOTE 14. DEFERRED COMPENSATION

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

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

AXA Equitable Life Vanguard	VOYA Financial
--------------------------------	----------------

NOTE 15. TAX CALENDAR

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 222,322	\$ -0-	\$ 222,322

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds	District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund		
Vendors	\$ 115,531		\$ 115,531	\$ 10,026
Due to State of New Jersey			\$ 401,214	401,214
Payroll Deductions and Withholding	17,224		17,224	
	\$ 132,755	\$ -0-	\$ 401,214	\$ 10,026

NOTE 18. TAX ABATEMENTS

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

CHESTER SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 18. TAX ABATEMENTS (Cont'd)

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

The Borough of Chester recognized revenue in the amount of \$27,440 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2023 without the abatements would have been \$65,291 of which \$22,761 would have been for the local school tax.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.0249919462%	0.0260549859%	0.0261806325%	0.0257121922%	0.0279109700%	0.0279162622%	0.0274104959%	0.0264668009%	0.0300478644%	0.0273735532%
District's proportionate share of the net pension liability	\$ 4,679,176	\$ 5,848,822	\$ 7,753,952	\$ 5,985,387	\$ 5,495,531	\$ 5,030,087	\$ 4,469,935	\$ 3,135,389	\$ 4,534,636	\$ 3,964,888
District's covered employee payroll	\$ 1,720,864	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959	\$ 1,942,100	\$ 2,158,754	\$ 2,140,278	\$ 1,871,169
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.91%	334.05%	435.49%	322.44%	277.22%	257.83%	230.16%	145.24%	211.87%	211.89%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 188,455	\$ 236,629	\$ 247,847	\$ 259,190	\$ 296,729	\$ 278,601	\$ 308,440	\$ 312,757	\$ 378,918	\$ 365,855
Contributions in relation to the contractually required contribution	(188,455)	(236,629)	(247,847)	(259,190)	(296,729)	(278,601)	(308,440)	(312,757)	(378,918)	(365,855)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,750,864	\$ 1,780,522	\$ 1,856,307	\$ 1,982,338	\$ 1,950,959	\$ 1,942,100	\$ 2,158,754	\$ 2,140,278	\$ 1,871,169	\$ 2,013,860
Contributions as a percentage of covered employee payroll	10.76%	13.29%	13.35%	13.07%	15.21%	14.35%	14.29%	14.61%	20.25%	18.17%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State's proportionate share of the net pension liability attributable to the District	0.0869373492%	0.0868820200%	0.0881727943%	0.0910277955%	0.0895155416%	0.0891976480%	0.0892196016%	0.0872051989%	0.0861411025%	0.0846733617%
State's proportionate share of the net pension liability attributable to the District	\$ 46,465,184	\$ 54,913,147	\$ 69,362,334	\$ 61,374,222	\$ 56,947,865	\$ 54,741,439	\$ 58,750,034	\$ 41,924,064	\$ 44,443,999	\$ 43,211,077
District's covered employee payroll	\$ 8,694,542	\$ 8,760,972	\$ 8,960,972	\$ 9,167,632	\$ 9,281,180	\$ 9,441,138	\$ 9,450,364	\$ 9,639,371	\$ 9,756,204	\$ 10,329,216
State's proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	53.442%	62.679%	77.405%	66.947%	61.358%	57.982%	62.167%	43.493%	45.55%	41.834%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 2,500,263	\$ 3,352,942	\$ 5,211,614	\$ 4,251,695	\$ 3,319,861	\$ 3,228,796	\$ 3,653,327	\$ 986,492	\$ 1,196,112	\$ 1,061,570
Contributions in relation to the contractually required contribution	(745,674)	(705,946)	(988,083)	(1,318,248)	(1,754,302)	(1,956,928)	(2,534,949)	(3,546,133)	(3,461,498)	(3,784,888)
Contribution deficiency/(excess)	\$ 1,754,589	\$ 2,646,996	\$ 4,223,531	\$ 2,933,447	\$ 1,565,559	\$ 1,271,868	\$ 1,118,378	\$ (2,559,641)	\$ (2,265,386)	\$ (2,723,318)
District's covered employee payroll	\$ 8,760,972	\$ 8,960,972	\$ 9,167,632	\$ 9,281,180	\$ 9,441,138	\$ 9,450,364	\$ 9,639,371	\$ 9,756,204	\$ 10,329,216	\$ 10,789,856
Contributions as a percentage of covered employee payroll	8.51%	7.88%	10.78%	14.20%	18.58%	20.71%	26.30%	36.35%	33.51%	35.08%

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

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 2,030,165	\$ 1,687,176	\$ 1,497,658	\$ 1,532,253	\$ 2,745,735	\$ 2,350,011	\$ 1,836,828
Interest Cost	1,428,220	1,658,553	1,535,275	1,294,069	1,327,772	1,149,049	1,631,710
Changes in Benefits					(54,479)		
Changes in Assumptions	(5,897,861)	(4,441,448)	535,900	10,936,350	50,497	(11,631,317)	93,383
Difference Between Expected and Actual Experience		(4,337,700)	(5,259,810)	11,176,753	(11,744,216)	1,408,239	640,358
Member Contributions	38,496	35,769	32,705	31,592	33,945	36,513	41,815
Gross Benefit Payments	(1,045,453)	(1,034,924)	(1,103,317)	(1,042,303)	(1,045,913)	(1,138,167)	(1,271,945)
Net Change in Total OPEB Liability	(3,446,433)	(6,432,574)	(2,761,589)	23,928,714	(8,686,659)	(7,825,672)	2,972,149
Total OPEB Liability - Beginning	48,582,750	45,136,317	38,703,743	35,942,154	59,870,868	51,184,209	43,358,537
Total OPEB Liability - Ending	<u>\$ 45,136,317</u>	<u>\$ 38,703,743</u>	<u>\$ 35,942,154</u>	<u>\$ 59,870,868</u>	<u>\$ 51,184,209</u>	<u>\$ 43,358,537</u>	<u>\$ 46,330,686</u>
District's Covered Employee Payroll *	\$ 10,948,154	\$ 11,137,487	\$ 11,423,476	\$ 11,401,323	\$ 11,581,471	\$ 11,914,958	\$ 12,469,494
Total OPEB Liability as a Percentage of Covered Employee Payroll	412.27%	347.51%	314.63%	525.12%	441.95%	363.90%	371.55%

* Covered payroll for the fiscal years ending June 30, 2017 thru 2023 are based on the payroll on the June 30, 2016 thru 2022 census data.

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

CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

BUDGETARY COMPARISON SCHEDULES

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 21,938,596		\$ 21,938,596	\$ 21,938,596	
Tuition From Individuals	378,000		378,000	365,875	\$ (12,125)
Tuition From Other LEAs Within the State				48,319	48,319
Rents and Royalties	40,000		40,000	40,225	225
Unrestricted Miscellaneous Revenues	57,000		57,000	226,780	169,780
Interest Earned on Maintenance Reserve	20,000		20,000		(20,000)
Interest Earned on Capital Reserve Funds	75,000		75,000	305,029	230,029
Other Restricted Miscellaneous Revenues	20,000		20,000	6,716	(13,284)
Total Revenues from Local Sources	22,528,596		22,528,596	22,931,540	402,944
Revenues from State Sources:					
Categorical Transportation Aid	521,351		521,351	521,351	
Extraordinary Aid				127,448	127,448
Categorical Special Education Aid	1,051,898		1,051,898	1,051,898	
Categorical Security Aid	92,852		92,852	92,852	
Non Public Transportation Aid				38,675	38,675
Other State Aid				308,750	308,750
TPAF Post Retirement Contributions (Non-Budgeted)				1,041,856	1,041,856
TPAF Pension Contributions (Non-Budgeted)				3,784,888	3,784,888
TPAF Non-Contributory Insurance (Non-Budgeted)				43,165	43,165
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,433	1,433
Reimbursed TPAF Social Security Contributions				779,746	779,746
Total Revenues from State Sources	1,666,101		1,666,101	7,792,062	6,125,961
TOTAL REVENUE	24,194,697		24,194,697	30,723,602	6,528,905

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 460,310	\$ 1,100	\$ 461,410	\$ 461,371	\$ 39
Grades 1-5 - Salaries of Teachers	3,068,010	81,300	3,149,310	3,148,870	440
Grades 6-8 - Salaries of Teachers	2,808,265	34,250	2,842,515	2,837,171	5,344
Regular Programs - Home Instruction:					
Salaries of Teachers	5,500	14,600	20,100	20,055	45
Purchased Professional-Educational Services	7,500	9,000	16,500	16,366	134
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	72,296	7,000	79,296	79,254	42
Other Purchased Services (400-500 series)	306,857	(34,100)	272,757	261,580	11,177
General Supplies	409,864	(117,334)	292,530	233,820	58,710
Other Objects	81,620	26,018	107,638	88,141	19,497
Total Regular Programs - Instruction	7,220,222	21,834	7,242,056	7,146,628	95,428
Resource Room/Resource Center:					
Salaries of Teachers	1,086,525	(20,047)	1,066,478	1,066,478	
Other Salaries for Instruction	279,323	(37,000)	242,323	242,323	
General Supplies	8,320	80	8,400	2,090	6,310
Other Objects	15,091	(15,091)			
Total Resource Room/Resource Center	1,389,259	(72,058)	1,317,201	1,310,891	6,310
Preschool Disabilities - Part-Time:					
Salaries of Teachers	195,370	3,100	198,470	198,452	18
Other Salaries for Instruction	143,554	(35,500)	108,054	107,931	123
General Supplies	4,500	2,000	6,500	1	6,499
Other Objects	2,500	50	2,550	2,500	50
Total Preschool Disabilities - Part-Time	345,924	(30,350)	315,574	308,884	6,690
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,735,183	(102,408)	1,632,775	1,619,775	13,000

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 410,711	\$ 86,738	\$ 497,449	\$ 497,449	
General Supplies	8,361		8,361	954	\$ 7,407
Total Basic Skills/Remedial - Instruction	419,072	86,738	505,810	498,403	7,407
Bilingual Education - Instruction:					
Salaries of Teachers	202,800	9,900	212,700	197,246	15,454
Other Salaries for Instruction	3,572		3,572		3,572
Purchased Professional-Educational Services	4,200		4,200	2,913	1,287
General Supplies	2,740		2,740	174	2,566
Total Bilingual Education - Instruction	213,312	9,900	223,212	200,333	22,879
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	111,000	(12,500)	98,500	67,223	31,277
Supplies and Materials	27,533		27,533	6,736	20,797
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	138,533	(12,500)	126,033	73,959	52,074
School-Sponsored Athletics - Instruction:					
Salaries	82,000		82,000	81,288	712
Purchased Services (300-500 series)	9,000		9,000	6,373	2,627
Supplies and Materials	27,230	(6,000)	21,230	14,669	6,561
Other Objects	2,000		2,000		2,000
Total School-Sponsored Athletics - Instruction	120,230	(6,000)	114,230	102,330	11,900
TOTAL INSTRUCTION	9,846,552	(2,436)	9,844,116	9,641,428	202,688
Undistributed Expenditures - Instruction:					
Tuition to Priv. Sch. for the Handicap. W/I State	298,112	(28,000)	270,112	259,060	11,052
Total Undistributed Expenditures - Instruction	298,112	(28,000)	270,112	259,060	11,052

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work:					
Salaries	\$ 42,591	\$ 2,135	\$ 44,726	\$ 44,725	\$ 1
Purchased Professional and Technical Services	5,500	1,000	6,500	6,500	
Other Purchased Services (400-500 series)	27,415	6,252	33,667	33,167	500
Total Undist. Expend. - Attendance and Social Work	75,506	9,387	84,893	84,392	501
Undistributed Expenditures - Health Services:					
Salaries	278,955	7,940	286,895	286,888	7
Purchased Professional and Technical Services	19,500	6,625	26,125	25,644	481
Supplies and Materials	20,335	(1,925)	18,410	16,369	2,041
Other Objects	2,950	15,041	17,991	17,783	208
Total Undist. Expenditures - Health Services	321,740	27,681	349,421	346,684	2,737
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	326,208	(100)	326,108	325,824	284
Purchased Professional - Educational Services	154,200	19,350	173,550	168,630	4,920
Supplies and Materials	2,500		2,500	2,499	1
Other Objects	300	250	550	550	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	483,208	19,500	502,708	497,503	5,205
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	10,000	37,648	47,648	47,647	1
Purchased Professional - Educational Services	106,880	(97,728)	9,152	6,342	2,810
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	116,880	(60,080)	56,800	53,989	2,811
Undist.Expend. - Guidance:					
Salaries of Other Professional Staff	348,553	(17,435)	331,118	328,459	2,659
Salaries of Secretarial and Clerical Assistants	56,705	387	57,092	57,092	
Supplies and Materials	15,985	(4,145)	11,840	11,305	535
Other Objects	2,800	195	2,995	2,843	152
Total Undist Expend. - Guidance	424,043	(20,998)	403,045	399,699	3,346

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 517,996	\$ 2,400	\$ 520,396	\$ 520,378	\$ 18
Salaries of Secretarial and Clerical Assistants	58,465		58,465	58,465	
Other Salaries	1,000	581	1,581	1,581	
Purchased Professional - Educational Services	10,500		10,500	8,190	2,310
Supplies and Materials	6,000		6,000	3,661	2,339
Other Objects	30,300		30,300	29,665	635
Total Undist Expend. - Child Study Team	624,261	2,981	627,242	621,940	5,302
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	71,464	8,481	79,945	79,944	1
Salaries of Other Professional Staff	24,000	(17,000)	7,000	6,890	110
Salaries of Secretarial and Clerical Assistants	37,682	(3,897)	33,785	33,784	1
Other Salaries	18,500	(5,378)	13,122	13,122	
Sal of Facilitators, Math Coaches & Literacy Coaches	190,795	563	191,358	191,358	
Purchased Professional - Educational Services	5,400	2,800	8,200	7,611	589
Other Purchased Services (400-500 series)	5,225	8,375	13,600	13,511	89
Supplies and Materials	3,000	(510)	2,490	747	1,743
Other Objects	500	510	1,010	1,010	
Total Undist. Expend.-Improv. of Inst. Serv.	356,566	(6,056)	350,510	347,977	2,533
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	196,020	(12,170)	183,850	183,850	
Salaries of Technology Coordinators	390,943	(24,295)	366,648	366,648	
Other Purchased Services (400-500 series)	5,200	21	5,221	5,221	
Supplies and Materials	17,441	679	18,120	11,985	6,135
Other Objects	34,277	(27,201)	7,076	2,475	4,601
Total Undist Expend-Edu. Media Serv./Sch. Library	643,881	(62,966)	580,915	570,179	10,736

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 71,464	\$ 7,301	\$ 78,765	\$ 78,703	\$ 62
Salaries of Secretarial and Clerical Assistants	5,221	15,565	20,786	20,784	2
Other Salaries	5,500	(1,750)	3,750	744	3,006
Purchased Professional - Educational Service	8,000	8,450	16,450	13,798	2,652
Other Purchased Services (400-500 series)	45,300	(16,830)	28,470	25,569	2,901
Other Objects	500	1,330	1,830	1,829	1
Total Undist. Expend. - Instructional Staff Training Services	135,985	14,066	150,051	141,427	8,624
Undist. Expend. - Support Serv. - Gen. Admin.:					
Salaries	294,507	(36,711)	257,796	257,796	
Legal Services	25,000	22,892	47,892	47,892	
Audit Fees	28,000	(4,000)	24,000	24,000	
Other Purchased Professional Services	8,100	22,000	30,100	30,100	
Communications / Telephone	67,500	3,097	70,597	66,694	3,903
Other Purch. Serv. (400-500 series other than 530 & 585)	51,875	44,595	96,470	95,825	645
General Supplies	2,000	(700)	1,300	1,143	157
BOE In-house training/ Meeting Supplies	4,000	(2,775)	1,225	1,169	56
Total Undist. Expend. - Support Serv. - Gen. Admin.	480,982	48,398	529,380	524,619	4,761
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	791,830	57,365	849,195	845,996	3,199
Salaries of Secretarial and Clerical Assistants	208,775	(1,999)	206,776	202,049	4,727
Other Purchased Services (400-500 series)	2,800		2,800	854	1,946
Supplies and Materials	7,469	(2,700)	4,769	3,055	1,714
Other Objects	7,450	3,300	10,750	9,840	910
Total Undist. Expend. - Support Serv. - School Adm.	1,018,324	55,966	1,074,290	1,061,794	12,496

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 328,000	\$ 49,800	\$ 377,800	\$ 377,652	\$ 148
Miscellaneous Purchased Services (400-500 series other than 594)	64,006	(4,740)	59,266	56,667	2,599
Supplies and Materials	6,425	(660)	5,765	5,207	558
Other Objects	1,500	(900)	600	514	86
Total Undist. Expend. - Central Services	399,931	43,500	443,431	440,040	3,391
Undist. Expend. - Admin. Info. Technology:					
Salaries	133,010	30,000	163,010	162,957	53
Other Purchased Services (400-500 series)	69,365	(12,700)	56,665	56,625	40
Supplies and Materials	8,000		8,000	7,984	16
Total Undist. Expend. - Admin. Info. Technology	210,375	17,300	227,675	227,566	109
Undist. Expend.-Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	355,146	49,428	404,574	390,771	13,803
General Supplies	13,500	(1,000)	12,500	2,348	10,152
Total Undist. Expend.- Required Maint. for School Facilities	368,646	48,428	417,074	393,119	23,955
Undist. Expend.-Custodial Services:					
Salaries	666,375	142,310	808,685	803,088	5,597
Salaries of Non-Instructional Aides	24,000	(2,000)	22,000	21,904	96
Purchased Professional and Technical Services	5,332	108	5,440	5,440	
Cleaning, Repair, and Maintenance Services	103,200	(60,300)	42,900	41,755	1,145
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	89,224		89,224	89,220	4
Other Purchased Property Services	40,000	(29,650)	10,350	9,805	545
Insurance	135,000		135,000	135,000	
General Supplies	138,916	(2,732)	136,184	136,179	5
Energy (Natural Gas)	125,000	11,300	136,300	118,167	18,133
Energy (Electricity)	265,000	(8,322)	256,678	249,379	7,299
Other Objects	149,412	(123,614)	25,798	25,798	
Total Undist. Expend.-Custodial Services	1,741,459	(72,900)	1,668,559	1,635,735	32,824

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 125,400	\$ (25,303)	\$ 100,097	\$ 100,097	\$ 17,219
Cleaning, Repair, and Maintenance Services	116,000	6,898	122,898	105,679	17,219
Total Care And Upkeep Of Grounds	241,400	(18,405)	222,995	205,776	17,219
Security:					
Purchased Professional and Technical Services	166,356	53,020	219,376	158,669	60,707
Cleaning, Repair, and Maintenance Services	47,000	(46,220)	780	780	780
General Supplies	5,000		5,000	2,261	2,739
Total Security	218,356	6,800	225,156	160,930	64,226
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	2,569,861	(36,077)	2,533,784	2,395,560	138,224
Undist. Expend. - Student Transportation Serv.:					
Salaries for:					
Non-Instructional Aides	125,200	(35,350)	89,850	89,526	324
Pupil Trans. (Bet. Home and Sch) - Reg.	37,500	44,026	81,526	81,526	
Pupil Trans. (Bet. Home and Sch) - Spl. Ed.	110,128	(52,350)	57,778	55,039	2,739
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	3,500		3,500	3,500	3,500
Management Fee - ESC&CTSA Transportation Program	25,355		25,355	25,355	
Cleaning, Repair, and Maint. Services	13,900		13,900	11,514	2,386
Rental Payments - School Buses	1,500		1,500	1,500	1,500
Lease Purchase Payments - School Buses	29,099	3,000	32,099	32,015	84
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	85,000	15,300	100,300	100,217	83
Oth. than Bet. Home & Sch. - Vendors	16,100	100	16,200	10,983	5,217
Bet. Home & Sch. - Joint Agreements	1,370,350	28,600	1,398,950	1,398,817	133
Reg. Students - ESCs & CTSA	1,860	(500)	1,360	1,360	
Spl. Ed. Students - ESCs & CTSA	230,000	24,750	254,750	253,265	1,485
General Supplies	34,700	(344)	34,356	23,613	10,743
Transportation Supplies	4,306	(4,306)			

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Serv.: (Cont'd)	\$ 500		\$ 500		\$ 500
Other Objects	2,088,998	22,926	2,111,924	2,081,870	30,054
Total Undist. Expend.-Student Trans. Serv.					
UNALLOCATED BENEFITS					
Social Security Contributions	316,000	(30,204)	285,796	285,796	
Other Retirement Contributions - PERS	403,290	(36,435)	366,855	366,855	
Other Retirement Contributions - Regular		14,910	14,910	14,910	
Unemployment Compensation		22,846	22,846	22,844	2
Workers Compensation	130,000	(9,400)	120,600	120,597	3
Health Benefits	3,208,410	(145,854)	3,062,556	3,038,975	23,581
Tuition Reimbursement	45,000	15,628	60,628	60,371	257
Other Employee Benefits	188,823	(27,300)	161,523	161,475	48
TOTAL UNALLOCATED BENEFITS	4,291,523	(195,809)	4,095,714	4,071,823	23,891
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,041,856	(1,041,856)
TPAF Pension Contributions (Non-Budgeted)				3,784,888	(3,784,888)
TPAF Non-Contributory Insurance (Non-Budgeted)				43,165	(43,165)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,433	(1,433)
Reimbursed TPAF Social Security Contributions				779,746	(779,746)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				5,651,088	(5,651,088)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,291,523	(195,809)	4,095,714	9,722,911	(5,627,197)
TOTAL UNDISTRIBUTED EXPENDITURES	14,540,176	(148,281)	14,391,895	19,777,210	(5,385,315)
TOTAL GENERAL CURRENT EXPENSE	24,386,728	(150,717)	24,236,011	29,418,638	(5,182,627)

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 1-5	\$ 137,109	\$ 59,000	\$ 196,109	\$ 162,895	\$ 33,214
Grades 6-8	38,200		38,200	22,476	15,724
Undistributed Expenditures:					
Undist. Expend. - Required Maint for School Fac.		73,662	73,662		73,662
Total Equipment	<u>175,309</u>	<u>132,662</u>	<u>307,971</u>	<u>185,371</u>	<u>122,600</u>
Facilities Acquisition and Construction Serv.:					
Construction Services	424,541		424,541	366,544	57,997
Assessment for Debt Service on SDA Funding	58,458		58,458	58,458	
Total Facilities Acquisition and Const. Serv.	<u>482,999</u>		<u>482,999</u>	<u>425,002</u>	<u>57,997</u>
TOTAL CAPITAL OUTLAY	<u>658,308</u>	<u>132,662</u>	<u>790,970</u>	<u>610,373</u>	<u>180,597</u>
Summer School - Instruction:					
Salaries of Teachers	149,600	200	149,800	148,917	883
Purchased Professional and Technical Services	9,000		9,000	8,373	627
General Supplies	3,500	(200)	3,300	464	2,836
Total Summer School - Instruction	<u>162,100</u>		<u>162,100</u>	<u>157,754</u>	<u>4,346</u>
Total Summer School	162,100		162,100	157,754	4,346
TOTAL SPECIAL SCHOOLS	<u>162,100</u>		<u>162,100</u>	<u>157,754</u>	<u>4,346</u>
Transfer of Funds to Charter Schools		18,055	18,055	18,055	
TOTAL EXPENDITURES	<u>25,207,136</u>		<u>25,207,136</u>	<u>30,204,820</u>	<u>(4,997,684)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(1,012,439)</u>		<u>(1,012,439)</u>	<u>518,782</u>	<u>1,531,221</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 8,909,100		\$ 8,909,100	\$ 8,909,100	
Fund Balance, June 30	\$ 7,896,661	\$ -0-	\$ 7,896,661	\$ 9,427,882	\$ 1,531,221
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026			\$ 450,000		
Excess Surplus - Restricted For 2024-2025			375,000		
Capital Reserve			6,393,918		
Maintenance Reserve			1,029,410		
Unemployment Compensation			153,313		
Assigned Fund Balance:					
Year End Encumbrances			222,322		
Designated for Subsequent Year's Expenditures			146,721		
Unassigned Fund Balance			657,198		
			9,427,882		
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis			(158,565)		
Fund Balance per Governmental Funds (GAAP)			\$ 9,269,317		

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 212,246	\$ 212,246	\$ 146,773	\$ (65,473)
State Sources	\$ 143,065	101,409	244,474	217,527	(26,947)
Federal Sources	255,556	357,076	612,632	543,526	(69,106)
Total Revenues	398,621	670,731	1,069,352	907,826	(161,526)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	261,303	(150,253)	111,050	111,050	
Purchased Professional and Technical Services	97,761	165,407	263,168	237,746	25,422
Tuition		200,000	200,000	200,000	
Other Purchased Services		33,999	33,999	18,750	15,249
General Supplies	12,859	89,826	102,685	93,008	9,677
Total Instruction	371,923	338,979	710,902	660,554	50,348
Support Services:					
Salaries of Other Professional Staff	8,500	24,160	32,660	32,660	
Purchased Professional and Technical Services	9,416	69,850	79,266	55,315	23,951
Other Purchased Services		22,169	22,169		22,169
Supplies and Materials	8,782	3,762	12,544	12,524	20
Other Objects		68,038	68,038	3,000	65,038
Student Activities		143,773	143,773	127,292	16,481
Total Support Services	26,698	331,752	358,450	230,791	127,659
Total Expenditures	\$ 398,621	\$ 670,731	\$ 1,069,352	\$ 891,345	\$ 178,007
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 16,481	\$ 16,481

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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) "Revenue" from the Budgetary Comparison Schedule	\$ 30,723,602	\$ 907,826
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not:		
Current Year Encumbrances		
Cancellation of Prior Year Encumbrances		
Prior Year Encumbrances		22,920
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	147,165	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(158,565)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,712,202</u>	<u>\$ 930,746</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 30,204,820	\$ 891,345
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		<u>22,920</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 30,204,820</u>	<u>\$ 914,265</u>

CHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ending June 30, 2024, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SPECIAL REVENUE FUND

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	ARP			
	Accelerated Learning	Summer Learning	Beyond School Day	Mental Health
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 48,455	\$ 6,982	\$ 39,860	\$ 32,660
Total Revenue	<u>48,455</u>	<u>6,982</u>	<u>39,860</u>	<u>32,660</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			4,930	
Purchased Professional/Technical Services		2,477	26,320	
Tuition				
Other Purchased Services				
General Supplies	7,525	4,505	8,610	
Total Instruction	<u>7,525</u>	<u>6,982</u>	<u>39,860</u>	
Support Services:				
Salaries of Other Professional Staff				32,660
Purchased Professional and Technical Services	40,930			
Supplies and Materials				
Other Objects				
Student Activities				
Total Support Services	<u>40,930</u>			<u>32,660</u>
Total Expenditures	<u>\$ 48,455</u>	<u>\$ 6,982</u>	<u>\$ 39,860</u>	<u>\$ 32,660</u>

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act				
	Title I	Title II	Title IV	Local Grants	Student Activities
REVENUE:					
Local Sources				\$ 3,000	\$ 143,773
State Sources					
Federal Sources	\$ 57,895	\$ 6,080	\$ 3,750		
Total Revenue	57,895	6,080	3,750	3,000	143,773
EXPENDITURES:					
Instruction:					
Salaries of Teachers	38,400				
Purchased Professional/Technical Services					
Tuition					
Other Purchased Services			3,750		
General Supplies	19,495				
Total Instruction	57,895		3,750		
Support Services:					
Salaries of Other Professional Staff		6,080			
Purchased Professional and Technical Services					
Supplies and Materials				3,000	127,292
Other Objects					
Student Activities					
Total Support Services		6,080		3,000	127,292
Total Expenditures	\$ 57,895	\$ 6,080	\$ 3,750	\$ 3,000	\$ 127,292

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Chapter 193 Nonpublic Handicapped Aid			IDEA Part B	
	Examination & Classification	Speech Correction	Supplemental Instruction	Basic	Preschool
REVENUE:					
Local Sources					
State Sources	\$ 14,318	\$ 11,160	\$ 12,220	\$ 326,478	\$ 21,366
Federal Sources					
Total Revenue	14,318	11,160	12,220	326,478	21,366
EXPENDITURES:					
Instruction:					
Salaries of Teachers				37,000	
Purchased Professional/Technical Services	14,318	11,160	12,220	49,466	
Tuition				200,000	
Other Purchased Services					15,000
General Supplies				31,707	6,366
Total Instruction	14,318	11,160	12,220	318,173	21,366
Support Services:					
Salaries of Other Professional Staff				8,305	
Purchased Professional and Technical Services					
Supplies and Materials					
Other Objects					
Student Activities					
Total Support Services				8,305	
Total Expenditures	\$ 14,318	\$ 11,160	\$ 12,220	\$ 326,478	\$ 21,366

CHESTER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Auxiliary Services				Totals
	Textbook	Nursing	Security	Technology Initiative	
REVENUE:					
Local Sources					\$ 146,773
State Sources	\$ 14,800	\$ 30,720	\$ 121,785	\$ 12,524	217,527
Federal Sources					543,526
Total Revenue	14,800	30,720	121,785	12,524	907,826
EXPENDITURES:					
Instruction:					
Salaries of Teachers		30,720			111,050
Purchased Professional/Technical Services			121,785		237,746
Tuition					200,000
Other Purchased Services					18,750
General Supplies	14,800				93,008
Total Instruction	14,800	30,720	121,785		660,554
Support Services:					
Salaries of Other Professional Staff					32,660
Purchased Professional and Technical Services					55,315
Supplies and Materials				12,524	12,524
Other Objects					3,000
Student Activities					127,292
Total Support Services				12,524	230,791
Total Expenditures	\$ 14,800	\$ 30,720	\$ 121,785	\$ 12,524	\$ 891,345

PROPRIETARY FUNDS

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 382,645
Intergovernmental Accounts Receivable:	
State	1,049
Federal	11,098
Inventories	6,164

Total Current Assets	<u>400,956</u>
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Non-Current Assets:

Capital Assets	347,691
Less: Accumulated Depreciation	<u>(167,690)</u>

Total Non-Current Assets	<u>180,001</u>
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Total Assets	<u>580,957</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	10,026
Unearned Revenue:	
Prepaid Meals	12,052
Donated Commodities	940
Supply Chain Assistance	19,980

Total Liabilities	<u>42,998</u>
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NET POSITION:

Investment in Capital Assets	180,001
Unrestricted	<u>357,958</u>

Total Net Position	<u>\$ 537,959</u>
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CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 274,576
Non-Reimbursable Programs	194,117
Special Events	15,443
Miscellaneous Revenue	56
	<hr/>
Total Operating Revenue	484,192
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	144,675
Non-Reimbursable Programs	110,447
Salaries	146,063
Benefits and Payroll Taxes	60,170
Supplies, Insurance and Other Costs	40,031
Management Fee	24,074
Depreciation Expense	14,098
	<hr/>
Total Operating Expenses	539,558
	<hr/>
Operating Loss	(55,366)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	21,417
State Sources:	
State School Lunch Program	4,981
State Extended Income Eligibility - Lunch	262
Federal Sources:	
National School Lunch Program	57,666
Supply Chain Assistance	35,763
Food Distribution Program	34,417
Local Food for Schools (LFS) Cooperative Program	1,672
COVID-19 P-EBT Cost Reimbursement	653
	<hr/>
Total Non-Operating Income	156,831
	<hr/>
Change in Net Position	101,465
	<hr/>
Net Position - Beginning of Year	436,494
	<hr/>
Net Position - End of Year	<u>\$ 537,959</u>

CHESTER SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 483,584
Payments to Food Service Contractor	(470,005)
Payments to Suppliers	(17,018)
	<hr/>
Net Cash Used for Operating Activities	(3,439)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	21,417
	<hr/>
Net Cash Provided by Investing Activities	21,417
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(83,128)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(83,128)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	4,429
Federal Sources	80,484
	<hr/>
Net Cash Provided by Noncapital Financing Activities	84,913
	<hr/>
Net Increase in Cash and Cash Equivalents	19,763
Cash and Cash Equivalents, July 1	362,882
	<hr/>
Cash and Cash Equivalents, June 30	\$ 382,645
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (55,366)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	14,098
Food Distribution Program	34,417
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue - Prepaid Sales	(608)
Increase in Unearned Revenue - Donated Commodities	139
Increase in Accounts Payable	4,218
(Increase) in Inventory	(337)
	<hr/>
Net Cash Used for Operating Activities	\$ (3,439)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$34,556 and utilized U.S.D.A. Commodities valued at \$34,417.

LONG-TERM LIABILITIES

CHESTER SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2023	Matured	Balance June 30, 2024
			Date	June 30, 2024	Amount				
Refunding Bonds Series 2012	12/12/12	\$ 8,505,000	03/01/25	\$ 35,000		2.50%			
			03/01/26	35,000		2.50%			
			03/01/27	40,000		2.50%			
			03/01/28	40,000		2.50%			
			03/01/29	40,000		2.50%			
			03/01/30	40,000		2.50%			
			03/01/31	1,070,000		3.00%			
			03/01/32	1,115,000		3.00%			
			03/01/33	1,160,000		3.00%			
			03/01/34	1,205,000		3.00%			
			03/01/35	1,255,000		3.00%	\$ 6,070,000	\$ 35,000	
Refunding Bonds Series 2013	01/15/13	8,250,000	03/01/25	750,000		2.25%			
			03/01/26	785,000		2.30%			
			03/01/27	805,000		4.00%			
			03/01/28	845,000		4.00%			
			03/01/29	895,000		4.00%			
			03/01/30	940,000		4.00%			
						5,755,000	735,000	5,020,000	
						\$ 11,825,000	\$ 770,000	\$ 11,055,000	

CHESTER SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

Purpose	Amount of Original Issue	Interest Rate	Balance July 1, 2023	Matured or Retired	Balance June 30, 2024
Technology Equipment	\$ 193,422	3.00%	\$ 79,751	\$ 39,286	\$ 40,465
Two Type B 30 Passenger Buses	120,710	2.89%	90,749	29,392	61,357
			<u>\$ 170,500</u>	<u>\$ 68,678</u>	<u>\$ 101,822</u>

CHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,141,275		\$ 1,141,275	\$ 1,141,275	
Total Revenues	<u>1,141,275</u>		<u>1,141,275</u>	<u>1,141,275</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	371,275		371,275	371,275	
Redemption of Principal	770,000		770,000	770,000	
Total Regular Debt Service	<u>1,141,275</u>		<u>1,141,275</u>	<u>1,141,275</u>	
Total Expenditures	<u>1,141,275</u>		<u>1,141,275</u>	<u>1,141,275</u>	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2024</u>					
Restricted				<u>\$ -0-</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 7,783,923	\$ 7,999,576	\$ 7,905,060	\$ 7,895,446	\$ 7,920,272	\$ 8,788,237	\$ 7,432,935	\$ 6,181,529	\$ 5,587,892	\$ 4,853,279
Restricted	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,320,204	6,903,066	7,525,126	7,732,735	8,549,341
Unrestricted/(Deficit)	(5,166,004)	(5,309,416)	(5,541,719)	(6,057,016)	(6,281,608)	(6,212,800)	(5,908,629)	(4,894,093)	(4,123,905)	(4,061,702)
Total Governmental Activities Net Position	\$ 7,374,385	\$ 7,602,623	\$ 7,737,686	\$ 7,808,508	\$ 8,271,679	\$ 8,895,641	\$ 8,427,372	\$ 8,812,562	\$ 9,196,722	\$ 9,340,918
Business-type Activities										
Investment in Capital Assets	\$ 90,199	\$ 82,273	\$ 74,348	\$ 64,496	\$ 113,534	\$ 100,376	\$ 115,693	\$ 125,928	\$ 110,971	\$ 180,001
Unrestricted	50,502	30,342	57,097	67,933	109,719	126,894	105,137	174,669	325,523	357,958
Total Business-type Activities Net Position	\$ 140,701	\$ 112,615	\$ 131,445	\$ 132,429	\$ 223,253	\$ 227,270	\$ 220,830	\$ 300,597	\$ 436,494	\$ 537,959
District-wide										
Net Investment in Capital Assets	\$ 7,874,122	\$ 8,081,849	\$ 7,979,408	\$ 7,959,942	\$ 8,033,806	\$ 8,888,613	\$ 7,548,628	\$ 6,307,457	\$ 5,698,863	\$ 5,033,280
Restricted	4,756,466	4,912,463	5,374,345	5,970,078	6,633,015	6,320,204	6,903,066	7,525,126	7,732,735	8,549,341
Unrestricted/(Deficit)	(5,115,502)	(5,279,074)	(5,484,622)	(5,989,083)	(6,171,889)	(6,085,906)	(5,803,492)	(4,719,424)	(3,798,382)	(3,703,744)
Total District Net Position	\$ 7,515,086	\$ 7,715,238	\$ 7,869,131	\$ 7,940,937	\$ 8,494,932	\$ 9,122,911	\$ 8,648,202	\$ 9,113,159	\$ 9,633,216	\$ 9,878,877

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 8,989,618	\$ 11,316,725	\$ 11,991,624	\$ 12,538,545	\$ 11,386,540	\$ 12,106,994	\$ 11,762,766	\$ 12,572,788	\$ 11,546,667	\$ 11,704,217
Special Education	2,976,810	3,393,470	3,627,504	3,296,471	2,983,271	2,884,746	3,035,298	2,948,490	2,854,294	2,973,780
Other Special Instruction		730,605	850,718	896,097	845,809	848,462	1,023,555	1,113,212	1,173,291	1,303,372
School Sponsored/Other Instruction	770,279	286,964	370,978	378,686	401,419	332,867	130,426	214,422	237,649	213,984
Support Services:										
Tuition	637,553	344,859	60,529	337,773	433,465	238,685	196,066	267,774	290,749	259,060
Student & Instruction Related Services	3,010,285	3,115,027	3,812,056	4,030,807	3,991,501	4,251,387	6,128,490	4,920,665	4,716,767	4,805,354
General Administrative Services	2,759,321	2,154,010	2,259,217	2,324,396	2,375,294	570,338	565,699	570,768	584,162	657,433
School Administrative Services	1,248,910	1,415,790	1,554,085	1,562,318	1,380,199	1,437,616	1,344,037	1,496,346	1,408,077	1,651,862
Central Services		395,896	483,831	544,061	504,977	607,902	502,879	485,346	524,884	575,382
Administrative Information Technology		25,321	296,971	268,681	277,519	288,356	343,505	294,204	376,139	287,564
Plant Operations and Maintenance	2,188,130	2,294,703	2,449,131	3,104,037	2,429,767	2,477,509	2,734,687	2,839,493	2,826,629	2,855,880
Pupil Transportation	1,610,197	1,633,905	1,615,429	1,493,733	1,478,708	1,833,796	1,916,320	2,203,652	2,211,283	2,321,801
Special Schools	176,348	216,346	255,069	235,923	218,334	287,011	128,078	249,459	244,731	238,327
Interest on Long-term Debt	625,852	599,025	564,772	532,955	518,138	488,388	473,353	451,255	428,896	408,632
Capital Outlay - Debt Service Assessment	58,458			58,458	58,458	58,458	58,458	58,458	58,458	58,458
Transfer to Charter School										18,055
Total Governmental Activities Expenses	25,051,761	27,922,647	30,191,915	31,602,942	29,283,399	28,712,515	30,343,617	30,686,332	29,482,676	30,333,161
Business-type Activities:										
Food Service	338,190	362,725	288,438	342,016	368,939	309,691	260,247	510,476	501,816	539,558
Total Business-type Activities Expense	338,190	362,725	288,438	342,016	368,939	309,691	260,247	510,476	501,816	539,558
Total District Expenses	\$ 25,389,951	\$ 28,285,372	\$ 30,480,353	\$ 31,944,958	\$ 29,652,338	\$ 29,022,206	\$ 30,603,864	\$ 31,196,808	\$ 29,984,492	\$ 30,872,719
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 249,521	\$ 252,149	\$ 252,555	\$ 297,046	\$ 209,013	\$ 325,541	\$ 274,383	\$ 451,333	\$ 486,181	\$ 414,194
Student Activities				9,477,047	7,713,290	6,771,384	93,090	92,681	149,867	143,773
Operating Grants and Contributions	4,468,720	6,475,375	8,442,050	9,477,047	7,713,290	6,771,384	7,502,176	7,878,452	5,836,607	6,167,950
Capital Grants and Contributions		(62,301)		56,961	56,961			56,961		
Total Governmental Activities Program Revenues	4,718,241	6,727,524	8,632,304	9,831,054	7,979,264	7,096,925	7,869,649	8,479,427	6,472,655	6,725,917

CHESTER SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED
(Accrual Basis of Accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type Activities:										
Charges for Services:										
Food Service	\$ 283,534	\$ 239,962	\$ 253,765	\$ 276,241	\$ 329,590	\$ 252,626	\$ 12,844	\$ 47,978	\$ 477,466	\$ 484,192
Operating Grants and Contributions	62,557	71,783	53,271	67,777	65,474	58,899	212,259	533,737	148,404	135,414
Total Business-type Activities Program Revenues	346,091	311,745	307,036	344,018	395,064	311,525	225,103	581,715	625,870	619,606
Total District Program Revenues	\$ 5,064,332	\$ 7,039,269	\$ 8,939,340	\$ 10,175,072	\$ 8,374,328	\$ 7,408,450	\$ 8,094,752	\$ 9,061,142	\$ 7,098,525	\$ 7,345,523
Net (Expense)/Revenue										
Governmental Activities	\$ (20,333,520)	\$ (21,195,123)	\$ (21,559,611)	\$ (21,771,888)	\$ (21,304,135)	\$ (21,615,590)	\$ (22,473,968)	\$ (22,206,905)	\$ (23,010,021)	\$ (23,607,244)
Business-Type Activities	7,901	(50,980)	18,598	2,002	26,125	1,834	(35,144)	71,239	124,054	80,048
Total District-Wide Net Expense	\$ (20,325,619)	\$ (21,246,103)	\$ (21,541,013)	\$ (21,769,886)	\$ (21,278,010)	\$ (21,613,756)	\$ (22,509,112)	\$ (22,135,666)	\$ (22,885,967)	\$ (23,527,196)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 20,426,941	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965	\$ 22,014,626	\$ 22,424,488	\$ 22,795,899	\$ 23,079,871
Unrestricted Grants and Contributions	31,250	94,947	105,452	117,079	77,291	62,341	62,449	89,927	92,878	92,819
Investment Earnings	15,969	17,148	27,938	97,337	172,519	114,190	2,530	7,138	217,590	305,029
Cancellation of Prior Year Accounts Payable	106,178	112,098	75,899	89,263	97,142	153,468	22,979	78,887	287,814	273,721
Miscellaneous Income				(88,597)	(62,195)		(96,885)	(8,345)		
Other Items/Transfers				21,899,671	21,824,266	22,059,964	22,005,699	22,592,095	23,394,181	23,751,440
Total Governmental Activities	20,580,338	21,423,361	21,694,674	21,899,671	21,824,266	22,059,964	22,005,699	22,592,095	23,394,181	23,751,440
Business-type Activities:										
Interest Income	263	147	232	1,022	2,504	2,183	64	183	11,843	21,417
Other Items/Transfers		22,747		(2,040)	62,195	28,640	28,640	8,345		
Total Business-Type Activities	263	22,894	232	(1,018)	64,699	2,183	28,704	8,528	11,843	21,417
Total District-Wide	\$ 20,580,601	\$ 21,446,255	\$ 21,694,906	\$ 21,898,653	\$ 21,888,965	\$ 22,062,147	\$ 22,034,403	\$ 22,600,623	\$ 23,406,024	\$ 23,772,857
Change in Net Position										
Governmental Activities	\$ 246,818	\$ 228,238	\$ 135,063	\$ 70,822	\$ 463,171	\$ 463,171	\$ (468,269)	\$ 385,190	\$ 384,160	\$ 144,196
Business-type Activities	8,164	(28,086)	18,830	984	90,824	90,824	(6,440)	79,767	135,897	101,465
Total District	\$ 254,982	\$ 200,152	\$ 153,893	\$ 71,806	\$ 553,995	\$ 553,995	\$ (474,709)	\$ 464,957	\$ 520,057	\$ 245,661

Source: School District Financial Reports

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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 4,538,465	\$ 4,822,825	\$ 5,308,283	\$ 5,885,772	\$ 6,548,709	\$ 6,252,271	\$ 6,792,644	\$ 7,396,922	\$ 7,601,516	\$ 8,401,641
Assigned	151,823	618,549	907,269	538,903	420,395	518,703	253,116	133,692	662,439	369,043
Unassigned	494,038	354,374	402,816	506,523	410,755	437,525	868,156	879,940	497,980	498,633
Total General Fund	\$ 5,184,326	\$ 5,795,748	\$ 6,618,368	\$ 6,931,198	\$ 7,379,859	\$ 7,208,499	\$ 7,913,916	\$ 8,410,554	\$ 8,761,935	\$ 9,269,317
All Other Governmental Funds										
Restricted	\$ 218,001	\$ 89,638	\$ 89,617	\$ 84,306	\$ 84,306	67,933	110,422	128,204	131,219	147,700
Committed		128,363	66,062							
Total All Other Governmental Funds	\$ 218,001	\$ 218,001	\$ 155,679	\$ 84,306	\$ 84,306	\$ 67,933	\$ 110,422	\$ 128,204	\$ 131,219	\$ 147,700
Total Governmental Funds	\$ 5,402,327	\$ 6,013,749	\$ 6,774,047	\$ 7,015,504	\$ 7,464,165	\$ 7,276,432	\$ 8,024,338	\$ 8,538,758	\$ 8,893,154	\$ 9,417,017

Source: School District Financial Reports

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax Levy	\$ 21,010,908	\$ 21,199,168	\$ 21,485,385	\$ 21,684,589	\$ 21,539,509	\$ 21,729,965	\$ 22,014,626	\$ 22,424,488	\$ 22,795,899	\$ 23,079,871
Tuition Charges	249,521	252,149	252,555	297,046	209,013	325,541	274,383	451,333	486,181	414,194
Interest Earnings	15,969	10,796	16,524	52,311	85,691	114,190	2,530	7,138	217,590	305,029
Rents and Royalties	39,795	46,404	20,695	34,759	10,000	74,442				
State Sources	3,249,882	3,459,469	3,736,204	4,276,900	4,728,544	4,904,047	5,653,528	6,940,601	7,086,069	8,021,109
Federal Sources	391,307	400,297	510,345	411,514	425,619	353,932	573,375	1,269,991	543,222	543,526
Miscellaneous	104,463	139,658	113,663	133,261	254,132	105,108	128,147	208,902	483,231	420,494
Total Revenue	25,061,845	25,507,941	26,135,371	26,890,380	27,252,508	27,607,225	28,646,589	31,302,453	31,612,192	32,784,223
Expenditures										
Instruction										
Regular Instruction	6,359,300	6,872,883	6,578,254	6,774,570	6,616,149	6,800,447	7,050,840	7,288,141	7,346,848	7,562,837
Special Education Instruction	2,123,169	2,088,697	2,103,264	1,704,052	1,680,651	1,639,019	1,946,013	1,830,529	1,879,705	1,967,619
Other Special Instruction		422,533	448,435	459,506	468,453	481,132	490,813	508,627	605,088	698,736
School-Sponsored/Other Instruction	536,572	177,680	207,374	205,757	236,634	255,915	106,530	190,933	202,609	176,289
Support Services:										
Tuition	637,553	344,859	60,529	337,773	433,465	238,685	196,066	267,774	290,749	259,060
Student & Other Instruction Related Services	2,269,972	2,178,161	2,498,671	2,572,924	2,686,071	2,610,214	2,737,771	3,439,812	3,182,085	3,191,082
General Administrative Services	868,403	400,731	455,024	448,817	451,503	441,315	454,924	487,857	487,608	524,619
School Administrative Services	829,036	832,043	830,228	806,015	778,137	799,932	810,032	875,988	905,491	1,061,794
Central Services		271,168	301,627	357,567	353,864	385,029	379,086	393,985	418,747	440,040
Administrative Information Technology		162,736	307,128	222,828	226,642	255,237	265,642	241,904	306,077	227,566
Plant Operations and Maintenance	1,829,747	1,832,457	1,907,861	2,133,275	2,089,367	2,003,709	2,268,860	2,433,604	2,427,099	2,395,560
Student Transportation	1,488,563	1,460,208	1,395,817	1,259,228	1,297,892	1,569,826	1,694,072	1,987,377	2,014,031	2,081,870
Employee Benefits	5,362,900	5,613,243	5,849,271	6,294,634	6,731,635	6,922,225	7,744,079	8,920,782	9,154,912	9,722,911
Capital Outlay	986,425	673,654	866,812	1,439,464	1,588,817	2,240,623	634,842	606,869	868,838	633,293
Special Schools	143,543	147,503	162,628	143,416	148,687	167,488	82,000	144,756	160,469	157,754
Charter Schools										18,055
Debt Service:										
Principal	825,000	855,000	870,000	900,000	675,000	705,000	720,000	745,000	735,000	770,000
Interest and Other Charges	594,537	562,963	532,150	500,500	479,000	458,750	437,600	415,750	393,150	371,275
Total Expenditures	24,854,720	24,896,519	25,375,073	26,560,326	26,941,967	27,974,546	28,019,170	30,779,688	31,378,506	32,260,360
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	207,125	611,422	760,298	330,054	310,541	(367,321)	627,419	522,765	233,686	523,863

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

UNAUDITED
(Modified Accrual Basis of Accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources/(Uses)										
Excess Escrow	\$ 20									
Financed Purchases (Non-Budgeted)	274,460			\$ (88,597)	\$ 138,120		\$ 193,422		\$ 120,710	
Other Items/Transfers							(72,935)			
Total Other Financing Sources/(Uses)	274,480			(88,597)	138,120		120,487		(8,345)	120,710
Net Change in Fund Balances	\$ 481,605	\$ 611,422	\$ 760,298	\$ 241,457	\$ 448,661	\$ (367,321)	\$ 747,906	\$ 514,420	\$ 354,396	\$ 523,863
Debt Service as a Percentage of Noncapital Expenditures	5.94%	5.83%	5.72%	5.58%	4.55%	4.52%	4.23%	3.85%	3.70%	3.61%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 15,969	\$ 249,521		\$ 106,158	\$ 371,648
2016	17,148	252,149		112,098	381,395
2017	27,938	252,555		75,899	356,392
2018	97,337	297,046		89,263	483,646
2019	172,519	209,013		97,142	478,674
2020	114,190	325,541	\$ 14,336	139,132	593,199
2021	4,451	274,383		21,058	299,892
2022	7,138	451,333		78,887	537,358
2023	329,955	486,181		175,449	991,585
2024	514,853	414,194		63,897	992,944

Source: School District records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Chester Borough</u>												
2014	\$ 3,114,800	\$ 214,814,100	\$ 1,235,900	\$ -	\$ 156,563,800	\$ -	\$ 1,849,100	\$ 377,577,700	\$ -	\$ 377,577,700	\$ 1.339	\$ 463,171,860
2015	3,114,800	219,171,300	1,050,100	56,000	153,604,100	-	1,886,300	378,882,600	-	378,882,600	1.475	420,032,831
2016	3,240,300	227,449,100	1,103,100	56,600	164,299,800	-	-	396,148,900	-	396,148,900	1.435	398,981,670
2017	3,165,300	227,107,400	1,098,300	56,600	168,664,100	-	-	400,091,700	-	400,091,700	1.393	401,322,238
2018	3,880,300	229,846,900	976,500	56,600	166,399,800	-	-	401,160,100	-	401,160,100	1.443	390,482,174
2019	3,346,800	227,975,900	977,000	56,600	164,343,300	-	1,656,800	398,356,400	-	398,356,400	1.447	386,693,610
2020	3,281,000	230,073,900	988,600	54,800	167,602,200	-	1,658,500	403,659,000	9,727	403,668,727	1.493	394,020,984
2021	4,146,500	236,886,400	1,004,700	53,800	160,501,500	-	1,605,000	404,197,900	9,727	404,207,627	1.499	394,020,984
2022	4,066,300	243,393,300	1,018,900	53,800	178,920,400	-	2,434,500	429,887,200	9,420	429,896,620	1.449	409,127,202
2023	3,336,300	251,658,500	1,038,400	53,800	180,710,500	-	1,787,800	438,585,300	9,234	438,594,534	1.460	437,984,536
<u>Chester Township</u>												
2014	\$ 13,704,800	\$ 1,663,455,100	\$ 89,890,700	\$ -	\$ 48,804,500	\$ 2,469,700	\$ 835,200	\$ 1,819,160,000	\$ 372,270	\$ 1,819,532,270	\$ 1.508	\$ 1,872,128,624
2015	13,628,900	1,664,376,400	87,702,100	1,241,000	47,568,100	2,543,100	835,200	1,817,894,800	373,557	1,818,268,357	1.510	1,873,066,565
2016	12,701,600	1,669,012,400	87,901,300	1,302,000	47,594,500	2,543,100	835,200	1,821,890,100	351,836	1,822,241,936	1.532	1,890,867,453
2017	12,608,600	1,676,159,700	88,503,500	1,301,700	47,379,800	2,543,100	835,200	1,829,331,600	358,200	1,829,689,800	1.538	1,900,814,522
2018	12,175,700	1,679,019,100	83,877,300	1,298,100	47,009,900	2,543,100	835,200	1,826,758,400	375,919	1,827,134,319	1.540	1,906,637,867
2019	11,492,800	1,677,775,800	85,274,600	1,309,700	47,632,600	2,543,100	835,200	1,826,863,800	400,440	1,827,264,240	1.558	1,917,551,952
2020	11,243,000	1,668,967,500	86,080,500	1,327,700	49,898,800	2,543,100	-	1,820,060,600	409,774	1,820,470,374	1.574	1,876,249,396
2021	10,438,500	1,664,946,400	85,356,400	1,293,700	50,681,800	2,525,300	-	1,815,242,100	442,490	1,815,684,590	1.608	1,844,349,447
2022	9,803,700	1,666,904,100	85,366,100	1,258,500	49,186,400	2,525,300	1,500,000	1,816,544,100	431,464	1,816,975,564	1.657	1,897,117,625
2023	9,376,500	1,669,741,200	85,664,700	1,310,500	49,953,800	2,525,300	1,883,300	1,820,455,300	409,762	1,820,865,062	1.699	2,022,531,686

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Tax Rate	Municipality	Morris County	
<u>Chester Borough</u>						
2014	\$ 1.274	\$ 0.065	\$ 1.339	\$ 0.898	\$ 0.264	\$ 2.501
2015	1.408	0.067	1.475	0.906	0.278	2.659
2016	1.335	0.100	1.435	0.924	0.252	2.611
2017	1.303	0.090	1.393	0.933	0.261	2.587
2018	1.366	0.077	1.443	0.929	0.253	2.625
2019	1.375	0.072	1.447	0.952	0.254	2.653
2020	1.414	0.079	1.493	0.956	0.254	2.703
2021	1.421	0.078	1.499	0.971	0.256	2.726
2022	1.377	0.072	1.449	0.913	0.245	2.607
2023	1.388	0.072	1.460	0.913	0.256	2.629
<u>Chester Township</u>						
2014	\$ 1.443	\$ 0.065	\$ 1.508	\$ 0.520	\$ 0.267	\$ 2.295
2015	1.443	0.067	1.510	0.522	0.259	2.290
2016	1.425	0.107	1.532	0.522	0.266	2.320
2017	1.439	0.099	1.538	0.524	0.270	2.332
2018	1.457	0.083	1.540	0.529	0.271	2.340
2019	1.481	0.077	1.558	0.529	0.254	2.341
2020	1.491	0.083	1.574	0.531	0.268	2.373
2021	1.525	0.083	1.608	0.534	0.264	2.406
2022	1.575	0.082	1.657	0.543	0.269	2.469
2023	1.615	0.084	1.699	0.552	0.284	2.535

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

		2023			2014		
Taxpayer		Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
<u>Chester Borough</u>							
	DPF Chester LLC	\$ 50,160,900	1	11.44%	\$ 34,533,100	1	9.15%
	NJ CPP LLC	24,307,700	2	5.54%	26,000,000	2	6.89%
	Savro/Chester Shopping Mall	6,903,100	3	1.57%	8,900,000	3	2.36%
	Williamson Associates	3,873,100	4	0.88%	8,296,000	4	2.20%
	2-4 Mill Ridge, LLC	3,740,800	5	0.85%	4,413,400	5	1.17%
	95 West Main Associates, LLC	3,616,200	6	0.82%	3,698,500	6	0.98%
	Global Acquisitions	2,968,000	7	0.68%	3,354,800	7	0.89%
	Group 6 Assoc. (Little Falls Shoprite)	2,713,800	8	0.62%	2,713,800	8	0.72%
	Moon St. Broadway Group	2,695,500	8	0.61%	2,587,400	8	0.69%
	Old Chester Road Associates	2,130,200	10	0.49%	2,434,100	10	0.64%
	Total	\$ 103,109,300		23.51%	\$ 96,931,100		25.67%
<u>Chester Township</u>							
	Welkind Rehabilitation Hospital, Inc.	\$ 6,476,600	1	0.36%	\$ 6,476,600	1	0.36%
	Individual Taxpayer #1	3,739,400	2	0.21%	4,883,200	2	0.27%
	Individual Taxpayer #2	3,140,800	3	0.17%	3,732,500	3	0.21%
	Individual Taxpayer #3	3,008,300	4	0.17%	3,485,100	4	0.19%
	Individual Taxpayer #4	2,968,600	5	0.16%	3,124,900	5	0.17%
	Inganamort Gladstone Realty Holding	2,833,600	6	0.16%	3,008,300	6	0.17%
	Individual Taxpayer #5	2,728,200	7	0.15%	2,732,100	7	0.15%
	Pottersville Road Holding LLC	2,715,400	8	0.15%	2,621,700	8	0.14%
	Individual Taxpayer #6	2,593,400	9	0.14%	2,536,100	9	0.14%
	Individual Taxpayer #7	2,536,100	10	0.14%	2,533,800	10	0.14%
	Total	\$ 32,740,400		1.80%	\$ 35,134,300		1.93%

Note: Individual taxpayers may be different in 2023 and 2014.

Source: Municipal Tax Assessors

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$ 21,010,908	\$ 21,010,908	100.00%	\$ -0-
2016	21,199,168	21,199,168	100.00%	-0-
2017	21,485,385	21,485,385	100.00%	-0-
2018	21,684,589	21,684,589	100.00%	-0-
2019	21,539,509	21,539,509	100.00%	-0-
2020	21,729,965	21,729,965	100.00%	-0-
2021	22,014,626	22,014,626	100.00%	-0-
2022	22,424,488	22,424,488	100.00%	-0-
2023	22,795,899	22,795,899	100.00%	-0-
2024	23,079,871	23,079,871	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Debt Per Capita ^a
	General Obligation Bonds	Financed Purchases	Leases	Financed Purchases				
2015	\$ 18,030,000	\$ 274,743	\$ -0-	\$ -0-	\$ 18,304,743	2.18%	\$ 1,925	
2016	17,175,000	137,327	-0-	-0-	17,312,327	2.00%	1,827	
2017	16,305,000	69,084	-0-	-0-	16,374,084	1.85%	1,733	
2018	15,405,000	-0-	-0-	-0-	15,405,000	1.69%	1,640	
2019	14,730,000	100,000	-0-	-0-	14,830,000	1.61%	1,597	
2020	14,025,000	66,568	-0-	-0-	14,091,568	1.49%	1,525	
2021	13,305,000	188,763	-0-	-0-	13,493,763	1.33%	1,438	
2022	12,560,000	117,892	-0-	-0-	12,677,892	1.21%	1,350	
2023	11,825,000	170,500	-0-	-0-	11,995,500	1.15%	1,278	
2024	11,055,000	101,822	-0-	-0-	11,156,822	1.07%	1,189	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 18,030,000	-0-	\$ 18,030,000	0.82%	\$ 1,893
2016	17,175,000	-0-	17,175,000	0.78%	1,806
2017	16,305,000	-0-	16,305,000	0.73%	1,720
2018	15,405,000	-0-	15,405,000	0.69%	1,640
2019	14,730,000	-0-	14,730,000	0.66%	1,587
2020	14,025,000	-0-	14,025,000	0.63%	1,518
2021	13,305,000	-0-	13,305,000	0.60%	1,440
2022	12,560,000	-0-	12,560,000	0.57%	1,337
2023	11,825,000	-0-	11,825,000	0.53%	1,260
2024	11,055,000	-0-	11,055,000	0.49%	1,178

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

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

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

Source: School District Financial Reports

CHESTER SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Chester	\$ 3,068,900	100.00%	\$ 3,068,900
Township of Chester	12,528,000	100.00%	12,528,000
West Morris Regional High School (Borough and Township Share)	26,047,000	6.39%	1,665,168
Morris County General Obligation Debt (Borough Share)	326,425,421	0.43%	1,415,365
Morris County General Obligation Debt (Township Share)	326,425,421	2.00%	<u>6,535,894</u>
Subtotal, Overlapping Debt			25,213,327
Chester Board of Education Direct Debt			<u>11,825,000</u>
Total Direct and Overlapping Debt			<u>\$ 37,038,327</u>

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

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

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

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

	Legal Debt Margin Calculation for Fiscal Year 2024		
	Chester Borough	Chester Township	Total
<u>Equalized Valuation Basis:</u>			
2023	\$ 468,024,010	\$ 2,149,044,151	\$ 2,617,068,161
2022	436,300,822	2,015,694,740	2,451,995,562
2021	407,006,243	1,893,243,742	2,300,249,985
	\$ 843,307,065	\$ 3,908,938,482	\$ 7,369,313,708
Average Equalized Valuation of Taxable Property			\$ 2,456,437,903
Debt Limit (3% of average equalization value ^a)			\$ 73,693,137
Net Bonded Debt as of June 30, 2024			11,055,000
Legal Debt Margin			\$ 62,638,137

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 69,384,354	\$ 69,224,753	\$ 69,078,196	\$ 68,808,471	\$ 68,850,777
Total Net Debt Applicable to Limit	18,030,000	17,175,000	16,305,000	15,405,000	14,730,000
Legal Debt Margin	\$ 51,354,354	\$ 52,049,753	\$ 52,773,196	\$ 53,403,471	\$ 54,120,777
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	25.99%	24.81%	23.60%	22.39%	21.39%

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 68,689,710	\$ 68,170,552	\$ 69,173,997	\$ 69,960,047	\$ 73,693,137
Total Net Debt Applicable to Limit	14,025,000	13,305,000	12,560,000	11,825,000	11,055,000
Legal Debt Margin	\$ 54,664,710	\$ 54,865,552	\$ 56,613,997	\$ 58,135,047	\$ 62,638,137
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.42%	19.52%	18.16%	16.90%	15.00%

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

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

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

<u>Chester Borough</u>				
<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2015	1,657	\$ 146,309,786	\$ 88,298	3.70%
2016	1,652	150,748,304	91,252	3.30%
2017	1,648	154,160,512	93,544	3.40%
2018	1,640	159,480,160	97,244	2.30%
2019	1,623	160,904,220	99,140	2.00%
2020	1,620	165,607,740	102,227	5.60%
2021	1,672	180,186,424	107,767	3.90%
2022	1,675	186,924,975	111,597	2.60%
2023	1,678	187,259,766 ***	111,597 *	3.50%
2024	1,678 **	187,259,766 ***	111,597 *	N/A

<u>Chester Township</u>				
<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2015	7,853	\$ 693,404,194	\$ 88,298	3.70%
2016	7,826	714,138,152	91,252	3.40%
2017	7,803	729,923,832	93,544	3.20%
2018	7,752	753,835,488	97,244	3.00%
2019	7,661	759,511,540	99,140	2.50%
2020	7,619	778,867,513	102,227	5.90%
2021	7,709	830,775,803	107,767	4.50%
2022	7,719	861,417,243	111,597	2.90%
2023	7,706	859,966,482 ***	111,597 *	3.40%
2024	7,706 **	859,966,482 ***	111,597 *	N/A

* - Latest Morris County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest Morris County personal income available (2022) and latest population data available (2023) was used for calculation purposes.

N/A - Information Not Available

Source:

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

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

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

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

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

Employer	2023	
	Employees	Percentage of Total Employment
Atlantic Health System	10,552	4.00%
Norvartis Corporation	6,500	2.46%
U.S Army Armament Research and Development	6,000	2.27%
Barclays	3,374	1.28%
Bayer Healthcare, LLC	2,713	1.03%
Automatic Data Processing, Inc.	2,400	0.91%
Accenture	2,344	0.89%
PricewaterhouseCoopers	2,095	0.79%
Cigna	1,686	0.64%
Deloitte & Touche	1,646	0.62%
	<u>39,310</u>	<u>14.90%</u>
Total Employment	<u>263,900</u>	
Employer	2014	
	Employees	Percentage of Total Employment
U.S Army Armament Research and Development	5,841	2.33%
Norvartis Corporation	5,035	2.01%
Atlantic Health System	4,463	1.78%
Automatic Data Processing, Inc.	2,060	0.82%
Bayer Healthcare, LLC	1,900	0.76%
County of Morris	1,674	0.67%
Wyndham Worldwide Corporation	1,653	0.66%
St. Clare's	1,642	0.65%
BASF Corporation	1,500	0.60%
Accenture	1,480	0.59%
	<u>27,248</u>	<u>10.86%</u>
Total Employment	<u>250,919</u>	

Source: Morris County Chamber of Commerce

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

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction										
Regular	83.9	84.1	78.5	73.9	73.9	75.0	78.0	79.0	80.0	80.0
Special Education	20.8	19.1	17.0	18.4	18.4	20.0	24.0	25.0	25.0	25.0
Other Instruction	9.8	10.9	38.1	38.4	38.0	45.0	45.0	45.0	45.0	45.0
Support Services:										
Student & Instruction Related Services	29.0	41.9	14.6	16.1	16.1	16.1	16.0	16.0	16.0	16.0
General and Business Administrative Services	5.4	5.5	8.0	10.0	10.0	11.0	11.0	11.0	11.0	11.0
School Administrative Services	12.0	11.3	12.6	10.5	10.5	10.5	10.0	10.0	10.0	11.0
Transportation	7.8	9.2	7.6	7.7	7.7	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	14.3	15.3	15.0	16.8	16.8	17.0	18.0	15.0	14.0	15.0
Total	183.0	197.3	191.4	191.8	191.4	197.6	205.0	204.0	204.0	206.0

Source: School District Personnel Records

CHESTER SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio ^e		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	1,166	\$ 22,448,758	\$ 19,253	4.30%	132	19:1	18:1	1,159	1,126	-2.60%	97.20%
2016	1,140	22,804,902	20,004	3.90%	135	8:1	9:1	1,133	1,100	-2.22%	97.09%
2017	1,143	23,106,111	20,215	1.05%	134	9:1	7:1	1,139	1,099	0.53%	96.49%
2018	1,080	23,720,362	21,963	8.65%	131	15:1	14:1	1,072	1,026	-5.88%	95.71%
2019	1,087	24,199,150	22,262	1.36%	131	15:1	14:1	1,072	1,026	0.00%	95.71%
2020	1,081	24,570,173	22,729	2.10%	132	15:1	14:1	1,068	1,026	-0.37%	96.07%
2021	1,060	26,226,728	24,742	11.14%	126	12:1	12:1	1,058	1,055	-1.31%	99.72%
2022	1,053	29,012,069	27,552	21.22%	127	12:1	12:1	1,050	1,047	-1.69%	99.71%
2023	1,049	29,381,518	28,009	13.20%	128	12:1	12:1	1,017	957	-3.88%	94.10%
2024	1,034	30,485,792	29,483	7.01%	128	12:1	12:1	1,022	959	-2.67%	93.84%

Note:

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

Source: School District records.

CHESTER SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Elementary</u>										
Bragg										
Square Feet	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	352	345	351	365	352	349	335	330	336	326
Dickerson										
Square Feet	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment	326	333	336	330	343	337	345	344	367	356
<u>Middle School</u>										
Black River Middle School										
Square Feet	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191
Capacity (students)	497	497	497	497	497	497	497	497	497	497
Enrollment	454	455	451	385	392	395	380	379	346	352
Number of Schools										
Elementary = 2										
Middle School = 1										

Source: School District records.

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Bragg</u>	<u>Dickerson</u>	<u>Black River</u>	<u>Total</u>
2015	\$ 92,031	\$ 93,652	\$ 115,970	\$ 301,653
2016	129,223	146,128	156,558	431,909
2017	165,007	170,006	165,006	500,019
2018	159,836	180,746	193,647	534,229
2019	157,742	180,409	187,656	525,807
2020	120,037	137,983	157,374	415,394
2021	125,257	141,552	150,970	417,779
2022	135,793	131,825	147,427	415,045
2023	113,165	138,737	166,965	418,867
2024	111,450	131,513	150,156	393,119

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

Source: School District records.

CHESTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2024
UNAUDITED

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

CHESTER SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2024
UNAUDITED

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

Source: School District Records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey
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Report on Compliance and Other Matters

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

Purpose of this Report

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

October 31, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of the Chester School District's (the "District's"), compliance with the types of compliance requirements identified as subject to audit described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 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 each major federal and state program. Our audit does not provide a legal determination of the 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 District's federal and state programs.

Auditors' 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 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, 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 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 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 Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Report on Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey
Page 3

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

October 31, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Cash Received	Budgetary Expenditures	Adjust- ment	Balance, June 30, 2024			Amounts Provided to Subrec- ipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Due to Grantor		
U.S. Department of Agriculture:														
Passed-through State Department of Education:														
Enterprise Fund:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	\$ 34,556	\$	\$ 801	\$ 34,556	\$ (33,616)		\$ 940				
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	30,604				(801)						
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	57,666			46,568	(57,666)				\$ (11,098)		
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	80,405		\$ (3,854)	3,854							
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/24	60,783		28,006	27,737	(35,763)			19,980			
Total Child Nutrition Cluster						28,807	112,715	(127,846)			20,920		(11,098)	
Local Food for Schools (LFS) Cooperative Program	10.185	N/A	7/1/23-6/30/24	1,672			1,672	(1,672)						
COVID-19 - P-EBT Cost Reimbursement	10.649	N/A	7/1/23-6/30/24	653			653	(653)						
Total Enterprise Fund / U.S. Department of Agriculture						28,807	115,040	(130,171)			20,920		(11,098)	
U.S. Department of Education:														
Passed-through State Department of Education:														
Special Revenue Fund:														
Elementary and Secondary Education Act:														
Title I	84.010A	ESEA510024	7/1/23-9/30/24	57,895			25,202	(57,895)					(32,693)	
Title I	84.010A	ESEA510023	7/1/22-9/30/23	51,717			7,768							
Total Title I							32,970	(57,895)					(32,693)	
Title II A	84.367A	ESEA510024	7/1/23-9/30/24	16,905			4,560	(6,080)					(1,520)	
Title II A	84.367A	ESEA510023	7/1/22-9/30/23	19,599			1,959					\$ 6,000		
Total Title II A							6,519	(6,080)					(1,520)	
Title IV	84.186A	ESEA510024	7/1/23-9/30/24	18,999			1,750	(3,750)					(2,000)	
Title IV	84.186A	ESEA510023	7/1/22-9/30/23	13,528			3,000							
Total Title IV							4,750	(3,750)					(2,000)	
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027A	IDEA510024	7/1/23-9/30/24	337,219			225,021	(326,478)					(101,457)	
I.D.E.A. Part B, Basic	84.027A	IDEA510023	7/1/22-9/30/23	304,517			59,141		\$ (1)					
I.D.E.A. Preschool	84.173A	IDEA510024	7/1/23-9/30/24	39,295			3,790	(21,366)					(17,576)	
I.D.E.A. Preschool	84.173A	IDEA510023	7/1/22-9/30/23	29,546			6,300							
Total Special Education Cluster							294,252	(347,844)		(1)			(119,033)	
Education Stabilization Fund:														
COVID 19 - ARP:														
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	526,905										
Accelerated Learning	84.425U	S425U210027	3/13/20-9/30/24	88,192			36,060	(48,455)					(13,195)	
Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000			1,862	(6,982)					(5,120)	
Beyond School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000				(39,860)					(39,860)	
Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000				(32,660)					(32,660)	
Total Education Stabilization Fund							37,922	(127,957)					(90,835)	
Total U.S. Department of Education / Special Revenue Fund						4,041	376,413	(543,526)	(1)		20,920		6,000	
Total Federal Awards						\$ (80,862)	\$ 32,848	\$ (673,697)	\$ (1)	\$ (1)	\$ 20,920	\$ 6,000	\$ -0-	

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

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2024		MEMO		
				Budgetary						GAAP	Due to Grantor	Receivable	Budgetary Receivable	Cumulative Total Expenditures
				Accounts Receivable	Due to Grantor	Received								
State Department of Education:														
General Fund State Aid:														
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 1,026,796	\$ (97,356)	\$ 97,356								\$ 1,026,796	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	92,852	(8,804)	8,804								92,852	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	432,465	(41,005)	41,005								432,465	
Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	27,144	(27,144)	27,144								27,144	
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	137,748	(137,748)	137,748								137,748	
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	747,571	(3,657)	3,657								747,571	
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	1,051,898		951,788								1,051,898	
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	92,852		84,015								92,852	
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	521,351		471,733								521,351	
Nonpublic Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	38,675										38,675	
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	127,448		741,192								127,448	
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23-6/30/24	779,746		1,041,856								779,746	
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	1,041,856		1,433								1,041,856	
On-Behalf TPAF LT Disability Insurance Contributions	24-495-034-5094-004	7/1/23-6/30/24	1,433		3,784,888								1,433	
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	3,784,888		43,165								3,784,888	
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	43,165		7,435,784								43,165	
Subtotal - General Fund				(315,714)	7,435,784		(7,483,312)			(204,677)	(363,242)		9,947,888	
Special Revenue Fund Aid:														
Nonpublic Auxiliary Services:														
N.J. Nonpublic Textbook Aid	24-100-034-5120-064	7/1/23-6/30/24	14,800		14,800								14,800	
N.J. Nonpublic Nursing Aid	24-100-034-5120-070	7/1/23-6/30/24	30,720		30,720								30,720	
N.J. Nonpublic Technology Initiative	24-100-034-5120-373	7/1/23-6/30/24	12,544		12,544								12,524	
N.J. Nonpublic Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	10,416										10,416	
N.J. Nonpublic Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	9,954										9,745	
N.J. Nonpublic Security Aid	24-100-034-5120-373	7/1/23-6/30/24	121,975		121,975								121,785	
N.J. Nonpublic Security Aid	23-100-034-5120-373	7/1/22-6/30/23	120,130										120,130	
N.J. Nonpublic Security Aid	22-100-034-5120-373	7/1/21-6/30/22	102,550										60,468	
Nonpublic Handicapped Services:														
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	16,108										9,477	
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	9,114										8,370	
Examination and Classification	24-100-034-5120-066	7/1/23-6/30/24	16,970		16,970								14,318	
Corrective Speech	24-100-034-5120-066	7/1/23-6/30/24	12,369		12,369								11,160	
Supplementary Instruction	24-100-034-5120-066	7/1/23-6/30/24	12,927		12,927								12,220	
Subtotal - Special Revenue Fund				49,959	222,305		(217,527)			(204,677)	47,069		436,133	
Total State Department of Education				(315,714)	7,658,089		(7,700,839)			(204,677)	47,069		10,384,021	

CHESTER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2024		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture:												
Enterprise Fund:												
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	\$ 4,981		\$ 4,021	\$ (4,981)			\$ (960)	\$ (960)	\$ 4,981	
State School Lunch Program - Extended Eligibility	24-100-010-3350-023	7/1/23-6/30/24	262		173	(262)			(89)	(89)	262	
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	4,885	(235)	235						4,885	
Total State Department of Agriculture: / Enterprise Fund				(235)	4,429	(5,243)			(1,049)	(1,049)	21,718	
New Jersey Department of Environmental Protection:												
General Fund:												
Hazardous Site Remediation Program	042-4815-709 -003-192010	7/1/23-6/30/24	308,750		308,750	(308,750)					308,750	
Total New Jersey Department of Environmental Protection					308,750	(308,750)					308,750	
Total State Awards				\$ (315,949)	\$ 49,959	\$ 7,971,268	\$ (8,014,832)	\$ (7,668)	\$ (205,726)	\$ 47,069	\$ 10,714,489	
Less: On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	(1,041,856)			\$ 1,041,856						
On-Behalf TPAF LT Disability Insurance Contributions	24-495-034-5094-004	7/1/23-6/30/24	(1,433)			1,433						
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	(3,784,888)			3,784,888						
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	(43,165)			43,165						
Subtotal - On-Behalf TPAF Pension System Contributions						4,871,342						
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						\$ (3,143,490)						

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

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Chester School District under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,400) for the general fund and \$22,920 (of which \$-0- is for local grants) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.

CHESTER SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,780,662	\$ 7,780,662
Special Revenue Fund	\$ 543,526	240,447	783,973
Food Service Fund	130,171	5,243	135,414
Total Awards	<u>\$ 673,697</u>	<u>\$ 8,026,352</u>	<u>\$ 8,700,049</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024.

CHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

_____ Yes _____ X No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 1,051,898	\$ 1,051,898
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	92,852	92,852
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23	6/30/24	779,746	779,746

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes _____ X No

CHESTER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year audit findings.