

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



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

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INTRODUCTORY SECTION

Chesilhurst Board of Education

511 Edwards Avenue
Chesilhurst, New Jersey 08089

Beth Ann Coleman
School Business Administrator
Email: bcoleman@foundationsinc.org
Phone: 856-261-2126

*"Today we learn
tomorrow we lead!"*

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

Dear Board Members:

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

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

1. REPORTING ENTITY AND ITS SERVICES:

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

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

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

On November 8, 2011, the voters of the Borough of Chesilhurst decided to continue sending all Chesilhurst students to the Winslow public schools. As a result of the referendum outcome, the Board's attention is now focused on ways to best utilize the Shirley B. Foster Elementary School as a community learning center for the Borough residents. During 23-24, the Boards of both Winslow and Chesilhurst agreed to a lease agreement wherein Winslow would rent the Shirley B. Foster school and use it as a Pre-school. Eligible Pre-school students of Chesilhurst can attend on a tuition basis.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The budget for the 2023-2024 fiscal year is reflected in the financial section. This budget was approved by the Executive County Superintendent of Schools.

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. DEBT SERVICE:

As of June 30, 2024, the District has no outstanding debt.

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,



Beth Ann Coleman

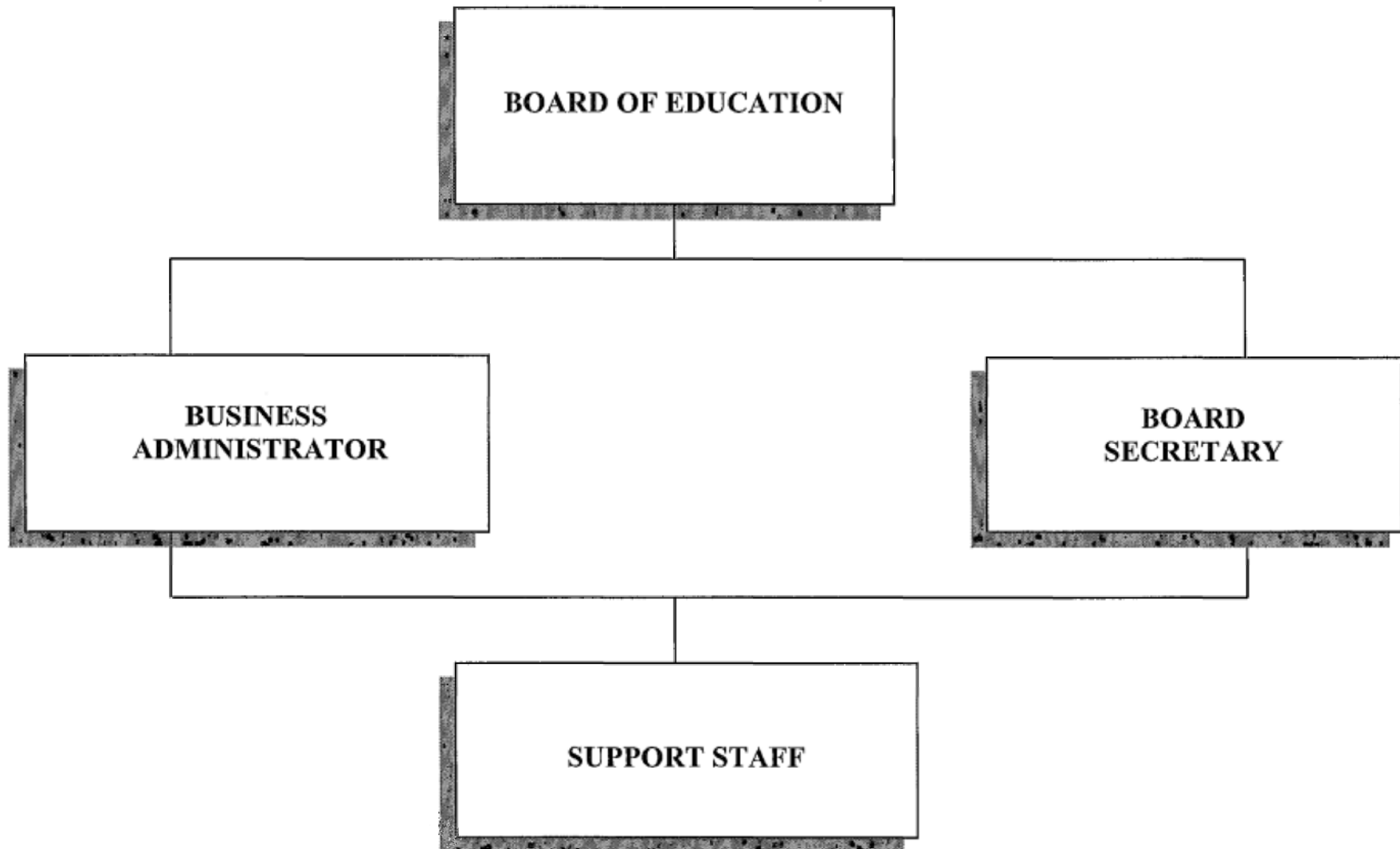
School Business Administrator / Board Secretary

BOROUGH OF CHESILHURST BOARD OF EDUCATION

Chesilhurst, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



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

**ROSTER OF OFFICIALS
June 30, 2024**

Members of the Board of Education

Term Expires

Carla A. Ortiz, President	2024
Joseph Medley, Vice President	2024
Karen A. Ford	2024
Jordan Lyles	2025
Pearl Saylor	2025
Vacant	2026
Vacant	2026

Other Officials

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

**BOROUGH OF CHESILHURST
BOARD OF EDUCATION**

Consultants and Advisors

Audit Firm

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

Attorney

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

Broker of Record

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

Official Depository

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025 on our consideration of the Borough of Chesilhurst School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chesilhurst School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chesilhurst School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael P. Cragin, Jr.
Certified Public Accountant
Public School Accountant No. 20CS00255100

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF CHESILHURST SCHOOL DISTRICT

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

The management's discussion and analysis of the Borough of Chesilhurst School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2024:

- Net Position at June 30, 2024 for governmental and business-type activities amounted to \$623,113 and \$11,789, respectively.
- The School District's General Fund balance decreased to a deficit of \$207,272 as of June 30, 2024 from \$1,050,232 as of June 30, 2023, a decrease of \$1,260,382.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

Fund Financial Statements

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

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

The School District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table presents a summary of the School District's net position for the fiscal years ended June 30, 2024 and June 30, 2023:

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 752,356	\$1,181,633	\$ 11,789	\$ 11,789	\$ 764,145	\$ 1,193,422
Capital Assets	810,428	370,567			810,428	370,567
Total Assets	1,562,784	1,552,200	11,789	11,789	1,574,574	1,563,989
Other Liabilities	939,672	108,567	-	-	939,672	108,567
Net Investment in						
Capital Assets	810,428	370,567			810,428	370,567
Restricted	231,681	250,117			231,681	250,117
Unrestricted (Deficit)	(418,996)	822,949	11,789	11,789	(407,207)	834,738
Total Net Position	\$ 623,113	\$ 1,443,633	\$ 11,789	\$ 11,789	\$ 634,902	\$ 1,455,422

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

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

The School District's Net Position for governmental activities decreased by \$820,520 from July 1, 2023 to June 30, 2024. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Operating Grants and Contributions	\$ 25,912	\$ 2,017	\$ 23,895	1184.68%
General Revenues:				
Property Taxes	925,663	854,773	70,890	8.29%
Federal and State Aid				
not Restricted	1,549,506	1,624,939	(75,433)	-4.64%
Miscellaneous Income	32,428	36,394	(3,966)	-10.90%
Total Revenues	<u>2,533,509</u>	<u>2,518,123</u>	<u>15,386</u>	<u>0.61%</u>
Expenses:				
Support Services:				
Tuition	2,309,774	3,181,311	(871,537)	-27.40%
School Administrative Services	53,589	53,708	(118)	-0.22%
Other Administrative Services	117,586	102,756	14,831	14.43%
Plant Operations and Maintenance	139,110	96,006	43,104	44.90%
Pupil Transportation	712,057	488,363	223,694	45.80%
Unallocated Depreciation	21,913	23,864	(1,951)	-8.18%
Total Expenses	<u>3,354,029</u>	<u>3,946,008</u>	<u>(591,978)</u>	<u>-15.00%</u>
Change in Net Position	(820,520)	(1,427,885)	607,365	-42.54%
Net Position, July 1	<u>1,455,422</u>	<u>2,883,307</u>	<u>(1,427,885)</u>	<u>-49.52%</u>
Net Position, June 30	<u>\$ 634,902</u>	<u>\$ 1,455,422</u>	<u>\$ (820,520)</u>	<u>-56.38%</u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

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

Governmental Activities

In 2023-2024, Governmental Activities Revenues were \$2,533,509 compared to \$2,518,123 in 2022-2023.

In 2023-2024, General Revenues - Property Taxes of \$925,663 made up 36.54%, and General Revenues - Federal & State Grants of \$1,549,506 made up 61.16% of Governmental Activities Revenues.

In 2022-2023, General Revenues - Property Taxes of \$854,773 made up 33.94%, and General Revenues - Federal & State Grants of \$1,624,939 made up 64.53% of Governmental Activities Revenues.

In 2023-2024, the School District's Governmental Activities expenditures decreased by \$591,978 or 15.00%. This decrease was mainly related to decreased costs related to tuition costs.

Business-Type Activities

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

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$2,996,705 which was equal to the original budget.

The 2023-2024 General Fund Tax Levy was \$925,663, which was an increase from the General Fund Tax Levy of \$854,773 for 2022-2023.

During fiscal year 2024 and 2023, the School District budgeted \$1,593,575 and \$1,593,575 for state aid revenues, respectively.

The final budgetary basis expenditure appropriation estimate was \$2,996,705, which was equal to the original budget.

The School District experienced increasing costs related to tuition and transportation which resulted in negative budget variances and ultimately resulted in the School District over expending the budget in total and a deficit in unassigned fund balance.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of a deficit of \$187,316 a decrease of \$1,260,382 in comparison with the prior year.

The combined ending fund balances of \$187,316 was made up of \$235,726 of restricted or assigned fund balances for various purposes and a deficit of \$423,052 in unassigned fund balance.

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Cont'd)

CAPITAL ASSETS

At the end of fiscal year 2024 and 2023, the School District had \$810,428 and \$370,567 in governmental activities capital assets net of accumulated depreciation. Net Investment in Capital Assets was \$810,428 at June 30, 2024 and \$370,567 at June 30, 2023. The following table reflects the capital assets net of accumulated depreciation as of June 30, 2024 and June 30, 2023.

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land and Improvements	\$ 74,517	\$ 74,862			\$ 74,517	\$ 74,862
Construction in Progress		31,864				31,864
Buildings and Improvements Equipment	735,911	263,842			735,911	263,842
	<hr/>		<hr/>		<hr/>	
Total	<u>\$ 810,428</u>	<u>\$ 370,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,428</u>	<u>\$ 370,567</u>

Depreciation expense for governmental activities was \$21,913 for fiscal year ended 2024 and \$23,864 for fiscal year ended 2023.

DEBT ADMINISTRATION

The maximum amount of allowable debt that the Board may authorize is \$2,601,636. As of June 30, 2024, the District has no outstanding debt and no current plans to issue debt.

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

One of the most important factors affecting the School District's budget is state aid. The 2024-2025 budget was adopted with a \$18,514 increase in the tax levy. The 2024-2025 budget was supplemented by excess surplus in the amount of \$23,234.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 670,210.94	\$ 11,789.20	\$ 682,000.14
Intergovernmental Receivables	82,145.00		82,145.00
Capital Assets, net	810,428.48		810,428.48
Total Assets	1,562,784.42	11,789.20	1,574,573.62
LIABILITIES:			
Accounts Payable	939,671.79	-	939,671.79
NET POSITION:			
Net Investment in Capital Assets	810,428.48		810,428.48
Restricted:			
Other Purposes	231,680.63		231,680.63
Unrestricted (Deficit)	(418,996.48)	11,789.20	(407,207.28)
Total Net Position	\$ 623,112.63	\$ 11,789.20	\$ 634,901.83

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Support Services:							
Tuition	\$ 2,309,773.78		\$ 25,912.00		\$ (2,283,861.78)		\$ (2,283,861.78)
School Administrative Services	53,589.36				(53,589.36)		(53,589.36)
Other Administrative Services	117,586.20				(117,586.20)		(117,586.20)
Plant Operations and Maintenance	139,110.22				(139,110.22)		(139,110.22)
Pupil Transportation	712,056.78				(712,056.78)		(712,056.78)
Unallocated Depreciation	21,912.83				(21,912.83)		(21,912.83)
Total Governmental Activities	3,354,029.17	\$ -	25,912.00	\$ -	(3,328,117.17)	\$ -	(3,328,117.17)
Business-Type Activities:							
Food Service							
Total Business-Type Activities	-	-	-	-	-	-	-
Total Government	\$ 3,354,029.17	\$ -	\$ 25,912.00	\$ -	(3,328,117.17)	-	(3,328,117.17)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					925,663.00		925,663.00
Federal and State Aid not Restricted					1,549,506.00		1,549,506.00
Miscellaneous Income					32,427.99		32,427.99
Total General Revenues					2,507,596.99	-	2,507,596.99
Change in Net Position					(820,520.18)		(820,520.18)
Net Position, July 1					1,443,632.81	11,789.20	1,455,422.01
Net Position -- June 30					\$ 623,112.63	\$ 11,789.20	\$ 634,901.83

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

FUND FINANCIAL STATEMENTS

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 650,254.94	\$ 19,956.00			\$ 670,210.94
Tax Levy Receivable	77,139.00				77,139.00
Receivables from Other Governments	5,006.00				5,006.00
Total Assets	<u>\$ 732,399.94</u>	<u>\$ 19,956.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,355.94</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 939,671.79	\$ -	\$ -	\$ -	\$ 939,671.79
Fund Balances:					
Restricted:					
Excess Surplus - Designated for Subsequent Years Expenditures	23,224.21				23,224.21
Capital Reserve	84,551.57				84,551.57
Preschool Education Aid		19,956.00			19,956.00
Maintenance Reserve	103,948.85				103,948.85
Assigned:					
Subsequent Year's Expenditures	4,055.79				4,055.79
Unassigned (Deficit)	(423,052.27)				(423,052.27)
Total Fund Balances	<u>(207,271.85)</u>	<u>19,956.00</u>	<u>-</u>	<u>-</u>	<u>(187,315.85)</u>
Total Liabilities and Fund Balances	<u>\$ 732,399.94</u>	<u>\$ 19,956.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,355.94</u>

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

Total Fund Balances	\$ (187,315.85)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,632,075.76, and the accumulated depreciation is \$821,647.28.	<u>810,428.48</u>
Net position of governmental activities	<u>\$ 623,112.63</u>

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 925,663.00				\$ 925,663.00
Miscellaneous	32,427.99				32,427.99
State Sources	1,549,506.00	\$ 25,912.00			1,575,418.00
Total Revenues	2,507,596.99	25,912.00	\$ -	\$ -	2,533,508.99
EXPENDITURES:					
Current:					
Support Services & Undistributed Costs:					
Tuition	2,280,983.78	28,790.00			2,309,773.78
School Administrative Services	53,589.36				53,589.36
Other Administrative Services	117,586.20				117,586.20
Plant Operations and Maintenance	139,110.22				139,110.22
Pupil Transportation	712,056.78				712,056.78
Capital Outlay	461,774.25				461,774.25
Total Expenditures	3,765,100.59	28,790.00	-	-	3,793,890.59
Excess (Deficiency) of Revenues over Expenditures	(1,257,503.60)	(2,878.00)	-	-	(1,260,381.60)
Fund Balance -- July 1	1,050,231.75	22,834.00	-	-	1,073,065.75
Fund Balance -- June 30	\$ (207,271.85)	\$ 19,956.00	\$ -	\$ -	\$ (187,315.85)

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ (1,260,381.60)
--	-------------------

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

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

Capital Outlay	\$ 461,774.25	
Depreciation Expense	<u>(21,912.83)</u>	
		<u>439,861.42</u>

Change in Net Position of Governmental Activities	<u><u>\$ (820,520.18)</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Statement of Net Position

Proprietary Fund

June 30, 2024

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

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

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three member's terms expire each year. The purpose of the School District is to provide education for all of Chesilhurst Borough's grades K through 12. The District operated one instructional building for grades K through 6 up to the 2008-09 school year. As of July 1, 2009, all students were attending the Winslow Township School District on a tuition basis. The School District has approximately 169 resident students as of June 30, 2024.

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

Government-wide and Fund Financial Statements

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Government-wide and Fund Financial Statements (Cont'd)**

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

The School District reports the following major proprietary fund:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District. As the School District was a non-operating District during the 2023-2024 school year, the food service fund was inactive. Balances in the fund will remain until such time as a final decision is reached, regarding operation, consolidation or continued non-operating status.

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

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

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

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

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

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Lease Receivable

Lease receivables recorded on the government-wide financial statement, in the governmental funds, and in the proprietary fund types represents a contract that conveys control of the right to use the School District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The School District was not a lessor during the fiscal year ended June 30, 2024.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2024. The School District had no prepaid expenses for the fiscal year ended June 30, 2024.

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

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets. The useful lives of the School District's capital assets are as follows:

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

The School District does not possess any infrastructure assets.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2024 and 2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Unearned Revenue**

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

Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

The GASB has issued the following Statement that will become effective for the School District for fiscal year ending June 30, 2025:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District does not have any employees, therefore no compensated absences and as a result, this Statement will not have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2024, the School District's bank balances of \$683,283.55 were insured by FDIC or GUDPA.

Note 3: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the fiscal year is as follows:

Beginning Balance July 1, 2023	\$ 82,025.74
Increased by:	
Interest earned on Capital Reserve Funds	<u>2,525.83</u>
Ending Balance June 30, 2024	<u>\$ 84,551.57</u>

The June 30, 2024 LRFP balance of local support costs of uncompleted projects at June 30, 2024 is \$192,500.00.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 consisted of intergovernmental awards / grants and taxes. All receivables are considered collectible in full due to the stable condition of state programs and the regulated budgetary control of governmental entities in New Jersey.

Note 4: ACCOUNTS RECEIVABLE (CONT'D)

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

<u>Description</u>	<u>General Fund</u>	<u>Total Governmental Activities</u>
State Awards	\$ 5,006.00	\$ 5,006.00
Taxes Receivable	77,139.00	77,139.00
	<u>\$ 82,145.00</u>	<u>\$ 82,145.00</u>

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2024</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 31,863.55	\$ 461,774.25	\$ (493,637.80)	
Land	74,000.00			\$ 74,000.00
Total Capital Assets, not being Depreciated	<u>\$ 105,863.55</u>	<u>\$ 461,774.25</u>	<u>\$ (493,637.80)</u>	<u>\$ 74,000.00</u>
Capital Assets, being Depreciated:				
Land Improvements	62,285.00			62,285.00
Buildings and Improvements	974,229.96		493,637.80	1,467,867.76
Equipment	27,923.00			27,923.00
Total Capital Assets, being Depreciated	<u>1,064,437.96</u>	<u>-</u>	<u>493,637.80</u>	<u>1,558,075.76</u>
Total Capital Assets, Cost	<u>1,170,301.51</u>	<u>461,774.25</u>	<u>-</u>	<u>1,632,075.76</u>
Less Accumulated Depreciation for:				
Land Improvements	(61,423.50)	(344.25)		(61,767.75)
Buildings and Improvements	(710,387.95)	(21,568.58)		(731,956.53)
Equipment	(27,923.00)			(27,923.00)
Total Accumulated Depreciation	<u>(799,734.45)</u>	<u>(21,912.83)</u>	<u>-</u>	<u>(821,647.28)</u>
Total Capital Assets, being Depreciated, Net	<u>264,703.51</u>	<u>(21,912.83)</u>	<u>493,637.80</u>	<u>736,428.48</u>
Governmental Activities Capital Assets, Net	<u>\$ 370,567.06</u>	<u>\$ 439,861.42</u>	<u>\$ -</u>	<u>\$ 810,428.48</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 7,600.00			\$ 7,600.00
Less Accumulated Depreciation for:				
Equipment	(7,600.00)			(7,600.00)
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Unallocated	<u>\$ 21,912.83</u>
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Note 6: LONG-TERM LIABILITIES

Bonds Authorized but not Issued - As of June 30, 2024, the School District had no authorizations to issue bonded debt.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

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

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Employees Covered by Benefit Terms - At June 30, 2024, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	152,383
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>369,595</u>

Total Non-Employer OPEB Liability

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

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2024 was \$1,420,591.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. For the June 30, 2023, measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .0027130362%, which was a decrease of .0001189187% from its proportion measured as of June 30, 2022.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2022, which was rolled forward to June 30, 2023, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u> *
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%

* based on service years

Mortality Rates - Preretirement 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. Postretirement 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 was 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.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)**

Experience Studies - The actuarial assumptions used in the June 30, 2022 valuation, which was rolled forward to June 30, 2023, were based on the results of actuarial experience studies for the periods July 1, 2018 to June 30, 2021 for TPAF, PERS, and PFRS.

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 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% 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 trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2023 measurement date was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

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

Balance at June 30, 2023		\$ 1,434,285.00
Changes for the Year:		
Service Cost	\$	-
Interest Cost		50,031.00
Changes in Benefit Terms		-
Difference between Expected and Actual Experience		(28,870.00)
Changes in Assumptions		2,863.00
Member Contributions		1,282.00
Gross Benefit Payments		<u>(39,000.00)</u>
Net Changes		<u>(13,694.00)</u>
Balance at June 30, 2024		<u>\$ 1,420,591.00</u>

Differences between expected and actual experience reflect a decrease in liability for the measurement period from June 30, 2022 to June 30, 2023 due to changes in the census and premium and claims experience.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2022 to June 30, 2023 due to the combined effect of the discount rate change; and changes in the trend update.

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

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2023, associated with the School District, using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 1,665,399.00</u>	<u>\$ 1,420,591.00</u>	<u>\$ 1,224,039.00</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2023, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 1,179,310.00</u>	<u>\$ 1,420,591.00</u>	<u>\$ 1,736,308.00</u>

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

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District; however, at June 30, 2024, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 207,268.00	\$ 374,170.00
Changes of Assumptions	202,010.00	392,032.00
Changes in Proportion	<u>-</u>	<u>452,209.00</u>
	<u>\$ 409,278.00</u>	<u>\$ 1,218,411.00</u>

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

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

Fiscal Year Ending June 30,	
2025	\$ (158,636.00)
2026	(158,636.00)
2027	(146,066.00)
2028	(115,129.00)
2029	(60,582.00)
Thereafter	<u>(170,084.00)</u>
	<u><u>\$ (809,133.00)</u></u>

Note 8: RISK MANAGEMENT

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

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

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

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

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

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

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

Note 9: CONTINGENCIES

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

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

Note 10: CONCENTRATIONS

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

Note 11: DEFICIT FUND BALANCES

The School District has a total deficit fund balance of \$207,271.85 and an unassigned deficit of \$423,052.27 in the general fund as of June 30, 2024, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. However, the deficit unassigned fund balance of \$423,052.27 in the general fund is more than the delayed \$155,223.00 June state aid payments. As a result, the deficit is considered a violation of New Jersey statute and regulation; thus, a corrective action is required.

Note 12: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation. New Jersey school districts are required to 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 years' budget. The excess fund balance at June 30, 2024 is \$23,224.21, which was generated during 2022-2023 and has been restricted and designated for utilization in the 2024-2025 budget.

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

For Capital Reserve Account - As of June 30, 2024, the balance in the capital reserve account is \$84,551.57. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2024, the balance in the maintenance reserve account is \$103,948.85. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Special Revenue Fund

Preschool Education Aid- As of June 30, 2024, the balance restricted for the preschool education aid program is \$19,956.00. These funds are restricted for the purposes of funding subsequent years preschool education aid programs.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2025, \$4,055.79 of general fund balance at June 30, 2024.

UNASSIGNED

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

General Fund - As of June 30, 2024, the unassigned fund balance of the general fund was a deficit of \$423,052.27.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2024

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 925,663.00		\$ 925,663.00	\$ 925,663.00	
Unrestricted Miscellaneous Revenues	45,000.00		45,000.00	26,796.86	\$ (18,203.14)
Rents and Royalties	150,000.00		150,000.00		(150,000.00)
Interest Earned on Capital Reserve	800.00		800.00	2,525.83	1,725.83
Interest Earned on Maintenance Reserve	400.00		400.00	3,105.30	2,705.30
Total - Local Sources	1,121,863.00	\$ -	1,121,863.00	958,090.99	(163,772.01)
State Sources:					
Equalization Aid	1,235,654.00		1,235,654.00	1,235,654.00	
Special Education Categorical Aid	95,861.00		95,861.00	95,861.00	
Categorical Security Aid	50,877.00		50,877.00	50,877.00	
Categorical Transportation Aid	170,166.00		170,166.00	170,166.00	
Extraordinary Special Education Costs Aid	41,017.00		41,017.00		(41,017.00)
Additional Nonpublic Transportation Aid				5,005.00	5,005.00
Total - State Sources	1,593,575.00	-	1,593,575.00	1,557,563.00	(36,012.00)
Total Revenues	2,715,438.00	-	2,715,438.00	2,515,653.99	(199,784.01)

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2024

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 1,288,298.00	\$ 52,833.00	\$ 1,341,131.00	\$ 1,480,229.82	\$ (139,098.82)
Tuition to Other LEAs Within the State - Special	600,635.00	(61,496.00)	539,139.00	393,522.10	145,616.90
Tuition to County Vocational - Regular	19,119.00		19,119.00	19,119.00	
Tuition to Private Schools for the Disabled - Within State	170,048.00	135,986.00	306,034.00	388,112.86	(82,078.86)
Total Undistributed Expenditures - Instruction	2,078,100.00	127,323.00	2,205,423.00	2,280,983.78	(75,560.78)
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	15,500.00	(15,500.00)		4,512.00	(4,512.00)
Audit Fees	35,598.00		35,598.00	35,500.00	98.00
Architect Fees	5,000.00	(5,000.00)			
Other Purchased Professional Services	15,000.00	(15,000.00)			
Purchased Technical Services	1,000.00		1,000.00		1,000.00
Communications/Telephone	12,500.00	(2,250.00)	10,250.00	9,723.66	526.34
Other Purchased Services	3,000.00		3,000.00	1,000.00	2,000.00
General Supplies	3,500.00		3,500.00		3,500.00
BOE In-house Training / Meeting Supplies	500.00		500.00		500.00
Miscellaneous Expenditures	500.00		500.00		500.00
BOE Membership Dues and Fees	3,500.00	(855.00)	2,645.00	2,511.70	133.30
Total Undistributed Expenditures - Support Services - General Admin.	95,598.00	(38,605.00)	56,993.00	53,247.36	3,745.64
Undistributed Expenditures- Support Services- Central Services:					
Purchase Professional Services	96,250.00	2,000.00	98,250.00	98,250.00	
Purchase Technical Services	18,000.00	250.00	18,250.00	17,937.00	313.00
Supplies and Materials	1,000.00		1,000.00		1,000.00
Total Undistributed Expenditures- Support Services- Central Services	115,250.00	2,250.00	117,500.00	116,187.00	1,313.00

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 37,000.00	\$ 11,188.00	\$ 48,188.00	\$ 48,113.46	\$ 74.54
General Supplies	3,500.00	(3,500.00)			
Total Undistributed Expenditures - Required Maintenance	40,500.00	7,688.00	48,188.00	48,113.46	74.54
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair, and Maintenance Service	27,000.00	(2,500.00)	24,500.00	21,020.00	3,480.00
Other Purchased Property Services	1,000.00		1,000.00	750.00	250.00
Insurance	13,707.00	4,000.00	17,707.00	17,396.00	311.00
General Supplies	750.00		750.00	150.00	600.00
Energy (Natural Gas)	15,000.00	(5,000.00)	10,000.00	8,014.15	1,985.85
Energy (Electricity)	30,000.00	2,000.00	32,000.00	31,000.00	1,000.00
Total Undistributed Expenditures - Custodial Services	87,457.00	(1,500.00)	85,957.00	78,330.15	7,626.85
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	8,000.00	(4,500.00)	3,500.00	3,500.00	
General Supplies	1,000.00	(1,000.00)			
Total Undistributed Expenditures - Care and Upkeep of Grounds	9,000.00	(5,500.00)	3,500.00	3,500.00	-
Undistributed Expenditures - Security:					
Cleaning, Repair, and Maintenance Service	2,000.00	7,167.00	9,167.00	9,166.61	0.39
General Supplies	2,000.00	(2,000.00)			
Total Undistributed Expenditures - Oper. & Maint. of Plant Services	140,957.00	5,855.00	146,812.00	139,110.22	7,701.78

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2024

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	\$ 20,000.00		\$ 20,000.00	\$ 20,000.00	
Contracted Services - Aid In Lieu of Payments - Choice Students	25,000.00		25,000.00	25,000.00	
Contracted Services (Between Home and School) - Vendors	232,000.00	\$ (52,833.00)	179,167.00	162,737.77	\$ 16,429.23
Contracted Services - (Special Education Students) - Joint Agreements	36,000.00	(18,000.00)	18,000.00	19,800.00	(1,800.00)
Contracted Services - (Special Education Students) - ESCs & CTSAs	249,258.00	(21,990.00)	227,268.00	484,519.01	(257,251.01)
Miscellaneous Purchased Services - Transportation	4,000.00	(4,000.00)			
Total Undistributed Expenditures - Student Transportation Services	566,258.00	(96,823.00)	469,435.00	712,056.78	(242,621.78)
Total Undistributed Expenditures	2,996,163.00	-	2,996,163.00	3,301,585.14	(305,422.14)
Interest Earned on Maintenance Reserve	400.00	-	400.00	-	400.00
Total Current Expense	2,996,563.00	-	2,996,563.00	3,301,585.14	(305,022.14)

(Continued)

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2024

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Capital Outlay:					
Architectural/Engineering Services				\$ 1,399.20	\$ (1,399.20)
Construction Services	\$ 455,919.25		\$ 455,919.25	461,774.25	(5,855.00)
Assessment for Debt Service on SDA Funding	342.00		342.00	342.00	
Interest Earned on Capital Reserve	800.00		800.00		800.00
Total Capital Outlay	457,061.25	\$ -	457,061.25	463,515.45	(6,454.20)
Total Expenditures	3,453,624.25	-	3,453,624.25	3,765,100.59	(311,476.34)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(738,186.25)	-	(738,186.25)	(1,249,446.60)	(511,260.35)
Fund Balances, July 1	1,197,397.75	-	1,197,397.75	1,197,397.75	-
Fund Balances, June 30	\$ 459,211.50	\$ -	\$ 459,211.50	\$ (52,048.85)	\$ (511,260.35)
RECAPITULATION:					
Restricted Fund Balance:					
Capital Reserve				\$ 84,551.57	
Maintenance Reserve				103,948.85	
Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures				23,224.21	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				4,055.79	
Unassigned Fund Balance				(267,829.27)	
				(52,048.85)	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				(155,223.00)	
Fund Balance per Governmental Funds (GAAP)				\$ (207,271.85)	

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue 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 Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 28,790.00	\$ -	\$ 28,790.00	\$ 28,790.00	\$ -
EXPENDITURES:					
Instruction:					
Tuition	28,790.00	-	28,790.00	28,790.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2024 - 19th and 20th State Aid Payments not Recognized on GAAP Basis				\$ (2,878.00)	
2023-2024 Carryover - Preschool Education Aid Programs				\$ 22,834.00	
Fund Balance per Governmental Funds (GAAP)				\$ 19,956.00	

BOROUGH OF CHESILHURST 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 GAAP Revenues.

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,515,653.99	\$ 28,790.00
Differences - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	147,166.00	
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until subsequent year.	(155,223.00)	(2,878.00)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,507,596.99</u>	<u>\$ 25,912.00</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

Not Applicable for this District

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

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

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

	Measurement Date Ending June 30,			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District				
Changes for the Year:				
Service Cost				
Interest Cost	\$ 50,031.00	\$ 38,010.00	\$ 45,183.00	\$ 48,321.00
Changes in Benefit Terms			(1,854.00)	
Difference Between Expected and Actual Experience	(28,870.00)	75,723.00	(381,260.00)	315,602.00
Changes in Assumptions	2,863.00	(384,760.00)	1,718.00	385,863.00
Gross Benefit Payments	1,282.00	1,208.00	1,155.00	1,115.00
Member Contributions	(39,000.00)	(37,650.00)	(35,591.00)	(36,775.00)
Net Change in Total Non-Employer OPEB Liability	(13,694.00)	(307,469.00)	(370,649.00)	714,126.00
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	1,434,285.00	1,741,754.00	2,112,403.00	1,398,277.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 1,420,591.00</u>	<u>\$ 1,434,285.00</u>	<u>\$ 1,741,754.00</u>	<u>\$ 2,112,403.00</u>
School District's Covered Payroll (Plan Measurement Period)	N/A	N/A	N/A	N/A
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A
	Measurement Date Ending June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District				
Changes for the Year:				
Service Cost				
Interest Cost	\$ 68,124.00	\$ 74,465.00	\$ 66,159.00	
Changes in Benefit Terms				
Difference Between Expected and Actual Experience	(429,978.00)	(145,992.00)		
Changes in Assumptions	20,848.00	(204,371.00)	(261,104.00)	
Gross Benefit Payments	(42,923.00)	(47,622.00)	(48,705.00)	
Member Contributions	1,272.00	1,646.00	1,793.00	
Net Change in Total Non-Employer OPEB Liability	(382,657.00)	(321,874.00)	(241,857.00)	
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	1,780,934.00	2,102,808.00	2,344,665.00	
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 1,398,277.00</u>	<u>\$ 1,780,934.00</u>	<u>\$ 2,102,808.00</u>	
School District's Covered Payroll (Plan Measurement Period)	N/A	N/A	N/A	
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	N/A	N/A	N/A	

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2024

Changes of Benefit Terms -

None.

Changes of Assumptions -

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included update in trend and experience study.

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 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.40% 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 trend rate after seven years. For the Medicare Part B reimbursement, the trend is 5.00%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2024

	Preschool Education <u>Aid</u>
REVENUES:	
State Sources	<u>\$ 28,790.00</u>
EXPENDITURES:	
Instruction:	
Tuition	<u>28,790.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
Fund Balance, July 1	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2024

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Tuition	<u>\$ 28,790.00</u>	<u>\$ 28,790.00</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2023-2024 Preschool Expansion Aid Allocation	\$ 28,790.00
Add: Actual Preschool Education Aid Carryover (June 30, 2023)	22,834.00
Add: Budgeted Transfer from the General Fund 2023-2024	<u>-</u>
Total Preschool Education Aid Funds Available for 2023-2024 Budget	51,624.00
Less: 2023-24 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>28,790.00</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2024	22,834.00
Add: June 30, 2024 Unexpended Preschool Education Aid	<u>-</u>
2023-2024 Carryover - Preschool Education Aid/Preschool	<u>\$ 22,834.00</u>
2023-2024 Preschool Education Aid Carryover Budgeted in 2024-2025	<u>\$ -</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

	Fiscal Year Ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 810,428	\$ 370,567	\$ 362,568	\$ 386,609	\$ 415,248	\$ 443,530	\$ 485,577	\$ 516,416	\$ 550,333	\$ 168,902
Restricted	231,681	250,117	2,342,956	2,938,910	2,579,739	2,817,148	2,372,076	1,956,116	1,840,888	1,889,022
Unrestricted	(275,029)	822,949	165,994	322,646	76,449	63,318	345,108	12,337	9,197	5,735
Total Governmental Activities										
Net Position	<u>\$ 767,080</u>	<u>\$ 1,443,633</u>	<u>\$ 2,871,518</u>	<u>\$ 3,648,165</u>	<u>\$ 3,071,436</u>	<u>\$ 3,323,996</u>	<u>\$ 3,202,761</u>	<u>\$ 2,484,869</u>	<u>\$ 2,400,418</u>	<u>\$ 2,063,659</u>
Business-type Activities:										
Net Investment in Capital Assets										\$ 176
Unrestricted	\$ 11,789	\$ 11,789	\$ 11,789	\$ 11,789	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	\$ 12,389	12,389
Total Business-type Activities										
Net Position	<u>\$ 11,789</u>	<u>\$ 11,789</u>	<u>\$ 11,789</u>	<u>\$ 11,789</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,389</u>	<u>\$ 12,565</u>
District-wide:										
Net Investment in Capital Assets	\$ 810,428	\$ 370,567	\$ 362,568	\$ 386,609	\$ 415,248	\$ 443,530	\$ 516,416	\$ 516,416	\$ 550,333	\$ 169,078
Restricted	231,681	250,117	2,342,956	2,938,910	2,579,739	2,817,148	1,956,116	1,956,116	1,840,888	1,889,022
Unrestricted	(263,240)	834,738	177,783	334,435	88,838	75,707	24,726	24,726	21,586	18,124
Total District-wide Net Position	<u>\$ 778,869</u>	<u>\$ 1,455,422</u>	<u>\$ 2,883,307</u>	<u>\$ 3,659,954</u>	<u>\$ 3,083,825</u>	<u>\$ 3,336,385</u>	<u>\$ 2,497,258</u>	<u>\$ 2,497,258</u>	<u>\$ 2,412,807</u>	<u>\$ 2,076,224</u>

Source: District Records (Exhibit A-1)

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

	Fiscal Year Ended June 30,									
	<u>2024^</u>	<u>2023^</u>	<u>2022^</u>	<u>2021^</u>	<u>2020^</u>	<u>2019^</u>	<u>2018^</u>	<u>2017^</u>	<u>2016</u>	<u>2015</u>
Expenses:										
Governmental Activities:										
Support Services:										
Tuition	\$ 2,293,768	\$ 3,181,311	\$ 2,680,973	\$ 2,519,218	\$ 2,816,117	\$ 2,721,522	\$ 2,710,344	\$ 2,759,480	\$ 2,608,253	\$ 2,798,655
Student and Instruction Related Services				12,729	6,345	65,166	75,492	82,089	85,420	95,024
School Administrative Services	53,589	53,708	81,653	86,292	37,388	36,683	43,009	19,192	24,238	22,070
Other Administrative Services	117,586	102,756	135,723	53,566						
Plant Operations and Maintenance	139,110	96,006	133,495	121,465	106,844	84,053	119,633	74,699	85,630	108,758
Pupil Transportation	584,095	488,363	562,086	233,500	444,728	496,997	326,591	341,345	287,787	261,326
Unallocated Benefits				(7,792)		(1,510)	3,712	3,736	7,898	7,893
Unallocated Depreciation	21,913	23,864	24,041	27,473	28,282	42,047	40,409	40,823	29,515	18,143
Total Governmental Activities Expenses	<u>3,210,062</u>	<u>3,946,008</u>	<u>3,617,972</u>	<u>3,046,451</u>	<u>3,439,704</u>	<u>3,444,958</u>	<u>3,319,190</u>	<u>3,321,364</u>	<u>3,128,741</u>	<u>3,311,869</u>
Business-type Activities:										
Food Service	-	-	-	600	-	-	-	-	176	354
Total Business-type Activities Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>354</u>
Total District Expenses	<u>\$ 3,210,062</u>	<u>\$ 3,946,008</u>	<u>\$ 3,617,972</u>	<u>\$ 3,047,051</u>	<u>\$ 3,439,704</u>	<u>\$ 3,444,958</u>	<u>\$ 3,319,190</u>	<u>\$ 3,321,364</u>	<u>\$ 3,128,917</u>	<u>\$ 3,312,223</u>
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 25,912	\$ 2,017	\$ 20,891	\$ 23,567	\$ 18,095	\$ 23,731	\$ 57,678	\$ 45,947	\$ 20,537	\$ 27,371
Total Governmental Activities Program Revenues	<u>25,912</u>	<u>2,017</u>	<u>20,891</u>	<u>23,567</u>	<u>18,095</u>	<u>23,731</u>	<u>57,678</u>	<u>45,947</u>	<u>20,537</u>	<u>27,371</u>
Total Business-type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Program Revenues	<u>\$ 25,912</u>	<u>\$ 2,017</u>	<u>\$ 20,891</u>	<u>\$ 23,567</u>	<u>\$ 18,095</u>	<u>\$ 23,731</u>	<u>\$ 57,678</u>	<u>\$ 45,947</u>	<u>\$ 20,537</u>	<u>\$ 27,371</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (3,184,150)	\$ (3,943,991)	\$ (3,597,081)	\$ (3,022,884)	\$ (3,421,609)	\$ (3,421,227)	\$ (3,261,512)	\$ (3,275,417)	\$ (3,108,204)	\$ (3,284,498)
Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>(354)</u>
Total District-wide Net Expense	<u>\$ (3,184,150)</u>	<u>\$ (3,943,991)</u>	<u>\$ (3,597,081)</u>	<u>\$ (3,023,484)</u>	<u>\$ (3,421,609)</u>	<u>\$ (3,421,227)</u>	<u>\$ (3,261,512)</u>	<u>\$ (3,275,417)</u>	<u>\$ (3,108,380)</u>	<u>\$ (3,284,852)</u>

(Continued)

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

	Fiscal Year Ended June 30,									
	<u>2024^</u>	<u>2023^</u>	<u>2022^</u>	<u>2021^</u>	<u>2020^</u>	<u>2019^</u>	<u>2018^</u>	<u>2017^</u>	<u>2016</u>	<u>2015</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 925,663	\$ 854,773	\$ 806,987	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Federal and State Aid Not Restricted	1,549,506	1,624,939	2,009,235	2,192,038	2,308,711	2,451,558	2,481,818	2,514,880	2,507,356	2,504,626
Miscellaneous Income	32,428	36,394	4,211	629,367	69,174	299,740	706,422	53,824	195,861	897,205
Loss on Disposal				(1,167)						
Transfers									(49,418)	(54,306)
Total Governmental Activities	<u>2,507,597</u>	<u>2,516,106</u>	<u>2,820,433</u>	<u>3,611,402</u>	<u>3,169,049</u>	<u>3,542,462</u>	<u>3,979,404</u>	<u>3,359,868</u>	<u>3,444,963</u>	<u>4,138,689</u>
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-wide	<u>\$ 2,507,597</u>	<u>\$ 2,516,106</u>	<u>\$ 2,820,433</u>	<u>\$ 3,611,402</u>	<u>\$ 3,169,049</u>	<u>\$ 3,542,462</u>	<u>\$ 3,979,404</u>	<u>\$ 3,359,868</u>	<u>\$ 3,444,963</u>	<u>\$ 4,138,689</u>
Change in Net Position:										
Governmental Activities	\$ (676,553)	\$ (1,427,885)	\$ (776,647)	\$ 588,518	\$ (252,560)	\$ 121,235	\$ 717,892	\$ 84,451	\$ 336,759	\$ 854,191
Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>(354)</u>
Total District	<u>\$ (676,553)</u>	<u>\$ (1,427,885)</u>	<u>\$ (776,647)</u>	<u>\$ 587,918</u>	<u>\$ (252,560)</u>	<u>\$ 121,235</u>	<u>\$ 717,892</u>	<u>\$ 84,451</u>	<u>\$ 336,583</u>	<u>\$ 853,837</u>

^ Amounts for the years 2017 through 2024 include the revenues and expenses associated with the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Source: District Records (Exhibit A-2)

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

	Fiscal Year Ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:										
Restricted:										
Other Reserves	\$ 211,725	\$ 227,283	\$ 2,322,139	\$ 2,938,910	\$ 1,753,883	\$ 1,841,530	\$ 1,986,240	\$ 1,394,758	\$ 1,563,988	\$ 1,572,336
Assigned:										
Designated for Subsequent Year's Expenditures	4,056	236,854	43,917	28,803	855,461	1,001,893	702,837	561,358	276,900	316,686
Other Purposes		455,981								
Unassigned (Deficit)	(279,085)	130,114	122,077	293,917	48,858	39,026	33,973	17,225	11,152	8,675
Total General Fund	<u>\$ (63,304)</u>	<u>\$ 1,050,232</u>	<u>\$ 2,488,133</u>	<u>\$ 3,261,630</u>	<u>\$ 2,658,202</u>	<u>\$ 2,882,449</u>	<u>\$ 2,723,050</u>	<u>\$ 1,973,341</u>	<u>\$ 1,852,040</u>	<u>\$ 1,897,697</u>
All Other Governmental Funds:										
Assigned:										
Preschool Education Aid	\$ 19,956	\$ 22,834	\$ 20,817							
Unassigned (Deficit), Reported in:										
Special Revenue Fund (Deficit)				\$ (74)	\$ (2,014)	\$ (1,983)	\$ (5,866)	\$ (4,888)	\$ (1,955)	\$ (2,940)
Total All Other Governmental Funds	<u>\$ 19,956</u>	<u>\$ 22,834</u>	<u>\$ 20,817</u>	<u>\$ (74)</u>	<u>\$ (2,014)</u>	<u>\$ (1,983)</u>	<u>\$ (5,866)</u>	<u>\$ (4,888)</u>	<u>\$ (1,955)</u>	<u>\$ (2,940)</u>

Source: District Records (Exhibit B-1)

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

	Fiscal Year Ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:										
Tax Levy	\$ 925,663	\$ 854,773	\$ 806,987	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164	\$ 791,164
Miscellaneous	32,428	36,394	4,211	629,367	69,174	304,967	707,495	53,824	195,861	897,205
State Sources	1,549,506	1,624,939	2,030,126	2,192,038	2,395,258	2,475,289	2,539,496	2,560,827	2,527,893	2,531,997
Total Revenue	<u>2,507,597</u>	<u>2,516,106</u>	<u>2,841,324</u>	<u>3,612,569</u>	<u>3,255,596</u>	<u>3,571,420</u>	<u>4,038,155</u>	<u>3,405,815</u>	<u>3,514,918</u>	<u>4,220,366</u>
Expenditures:										
Support Services:										
Tuition	2,264,978	3,181,311	2,680,973	2,498,740	2,816,117	2,721,522	2,710,344	2,759,480	2,608,253	2,798,655
School Administrative Services	53,589	53,708	81,653	86,292	71,433	65,508	75,492	82,089	85,420	95,024
Other Administrative Services	117,586	102,756	135,723	53,566	37,046	36,341	42,667	18,850	23,896	21,728
Plant Operations and Maintenance	139,110	96,006	133,495	121,465	106,844	84,053	119,633	74,699	85,630	108,758
Pupil Transportation	584,095	488,363	562,086	233,500	444,728	496,997	326,591	341,345	287,787	261,326
Unallocated Benefits				3,788	3,706	3,717	3,712	3,736	7,898	7,893
Capital Outlay	461,774	31,864					10,985	7,248	411,288	15,147
Total Expenditures	<u>3,621,133</u>	<u>3,954,007</u>	<u>3,593,930</u>	<u>2,997,351</u>	<u>3,479,874</u>	<u>3,408,138</u>	<u>3,289,424</u>	<u>3,287,447</u>	<u>3,510,172</u>	<u>3,308,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,113,536)</u>	<u>(1,437,901)</u>	<u>(752,606)</u>	<u>615,218</u>	<u>(224,278)</u>	<u>163,282</u>	<u>748,731</u>	<u>118,368</u>	<u>4,746</u>	<u>911,835</u>
Other Financing Sources (Uses):										
Transfers (Net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,418)</u>	<u>(54,306)</u>	<u>142</u>
Net Change in Fund Balances	<u>\$ (1,113,536)</u>	<u>\$ (1,437,901)</u>	<u>\$ (752,606)</u>	<u>\$ 615,218</u>	<u>\$ (224,278)</u>	<u>\$ 163,282</u>	<u>\$ 748,731</u>	<u>\$ 68,950</u>	<u>\$ (49,560)</u>	<u>\$ 911,977</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District Records (Exhibit B-2)

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

	Fiscal Year Ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Refunds of Prior Year Expenses										
Interest on Investments	\$ 32,422	\$ 36,390	\$ 3,979	\$ 5,383	\$ 69,154	\$ 17,827	\$ 7,853	\$ 3,502	\$ 2,230	\$ 3,032
Prior Year Tuition				623,984		273,781	699,642	48,963	193,546	2,751
Prior Year Order Adjustment								1,100		890,736
Miscellaneous	6	4	233		20	13,359		259	85	686
	<u>\$ 32,428</u>	<u>\$ 36,394</u>	<u>\$ 4,211</u>	<u>\$ 629,367</u>	<u>\$ 69,174</u>	<u>\$ 304,967</u>	<u>\$ 707,495</u>	<u>\$ 53,824</u>	<u>\$ 195,861</u>	<u>\$ 897,205</u>

REVENUE CAPACITY INFORMATION

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

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

<u>Year Ended Dec. 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (1)</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate (2)</u>
2024	\$ 4,826,500	\$ 77,861,200	\$ 5,175,100	\$ 681,000	\$ 340,800	\$ 88,884,600		\$ 88,884,600	\$ 110,953,189	\$ 1.012
2023	4,823,100	78,319,600	5,175,100	681,000	340,800	89,339,600		89,339,600	102,477,174	1.036
2022	4,867,500	78,003,200	5,271,500	681,000	340,800	89,164,000	\$ 321,735	89,485,735	99,192,346	0.938
2021	4,891,100	77,348,600	5,189,700	681,000	340,800	88,451,200	359,206	88,810,406	87,601,466	0.900
2020	5,898,600	77,279,200	5,089,700	681,000	340,800	89,289,300	355,583	88,806,783	85,069,836	0.883
2019	5,960,500	76,738,100	5,230,800	681,000	340,800	88,951,200	355,334	89,644,634	84,051,025	0.886
2018	6,150,000	76,643,700	4,773,300	681,000	340,800	88,588,800	351,631	89,302,831	84,814,552	0.889
2017	6,162,000	76,349,700	4,773,300	681,000	416,200	88,382,200	346,328	88,935,128	84,083,435	0.891
2016	6,254,400	77,075,800	4,635,600	681,000	416,200	89,063,000	345,102	88,727,302	89,063,000	0.884
2015	6,419,700	77,365,600	4,688,100	681,000	416,200	89,570,600	350,193	89,413,193	89,570,600	0.949

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

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

BOROUGH OF CHESILHURST SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended Dec. 31	District Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service (2)	Total Direct School Tax Rate	Borough of Chesilhurst		Camden County
2024	\$ 1.012		\$ 1.012	\$ 2.123	\$ 0.821	\$ 3.956
2023	1.036		1.036	1.983	0.827	3.846
2022	0.938		0.938	1.899	0.873	3.710
2021	0.900		0.900	1.844	0.837	3.581
2020	0.883		0.883	1.784	0.810	3.477
2019	0.886		0.886	1.708	0.819	3.413
2018	0.889		0.889	1.652	0.856	3.397
2017	0.891		0.891	1.579	0.848	3.318
2016	0.884		0.884	1.490	0.832	3.206
2015	0.949		0.949	1.413	0.800	3.162

Source: Municipal Tax Collector

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

2024				2015			
<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>% of Total</u>	<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>% of Total</u>
	<u>Assessed</u>		<u>District Net</u>		<u>Assessed</u>		<u>District Net</u>
	<u>Value</u>		<u>Assessed Value</u>		<u>Value</u>		<u>Assessed Value</u>
Woods, Bernard & Della	\$ 1,426,700	1	1.29%	Information Not Available			
Fourth Garden Park LTD Partners	1,358,000	2	1.22%				
Macauley, George & Deneen	550,000	3	0.50%				
214 Mallory Ave Partners, LLC	498,600	4	0.45%				
South Jersey Gas Company	457,500	5	0.41%				
Myers,Gloria & Edward Sr	400,800	6	0.36%				
WKM, LLC	345,600	7	0.31%				
Phillips, George	340,800	8	0.31%				
JAS Petroleum LLC	332,100	9	0.30%				
Schwartz, Erico	329,400	10	0.30%				
Total	<u>\$ 6,039,500</u>		<u>4.16%</u>		<u>\$ -</u>		

Source: District ACFR & Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30.</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2024	\$ 925,663	\$ 848,524	91.67%	77,139
2023	854,773	854,773	100.00%	
2022	806,987	739,739	91.67%	67,248
2021	791,164	395,582	50.00%	395,582
2020	791,164	791,164	100.00%	
2019	791,164	791,164	100.00%	
2018	791,164	791,164	100.00%	
2017	791,164	593,706	75.04%	197,458
2016	791,164	593,573	75.03%	197,591
2015	791,164	527,443	66.67%	263,721

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

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

Debt Capacity Information

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

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

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Business-Type <u>Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	Outstanding Debt Per Capital (3)
	General Obligation Bonds (1)	<u>Loans</u>	<u>Leases</u>	Bond Authorized but not Issued	<u>Capital Leases</u>			
2024								
2023								
2022								
2021								
2020								
2019								
2018								
2017								
2016								
2015								

N/A - This District has no outstanding debt.

Sources:
(1) District Records
(2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
(3) Per capita personal income by municipality-estimated based upon the 2022 and 2010 Census published by the US Bureau of Economic Analysis

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

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		<u>Net General Bonded Debt Outstanding</u>	Percentage of Net Assessed Valuation <u>Taxable (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds/Loans (1)</u>	<u>Deductions</u>			
2024					
2023					
2022					
2021					
2020	N/A - This District has no outstanding debt.				
2019					
2018					
2017					
2016					
2015					

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2023
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Chesilhurst Borough</u>
Municipal Debt: (1) Chesilhurst Borough	\$ 741,250	\$ -	\$ 741,250	\$ 741,250
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	63,215,196	25,514,196 (3)	37,701,000 (5)	89,728
Notes	27,980,000		27,980,000 (5)	66,592
Loan Agreement	335,270,000		335,270,000 (5)	797,943
Bonds Issued by Other Public Bodies Guaranteed by the County	225,287,067	225,287,067 (4)		
	651,752,263	250,801,263	400,951,000	954,263
	\$ 652,493,513	\$ 250,801,263	\$ 401,692,250	\$ 1,695,513

Sources:

- (1) 2023 Annual Debt Statement
- (2) County's 2023 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Issuer's share of the total 2021 Net Valuation on which County taxes are apportioned, which is 0.238%

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

Legal Debt Margin Calculation for Fiscal Year 2024

Equalized valuation basis (1)

2023 \$ 111,521,158
 2022 \$ 102,275,751
 2021 \$ 98,399,377

\$ 312,196,286

Average equalized valuation of taxable property

\$ 104,065,429

Debt limit (2.5% of average equalization value) (2)

\$ 2,601,636

Total Net Debt Applicable to Limit

-

Legal Debt Margin

\$ 2,601,636

Fiscal Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt limit	\$ 2,601,636	\$ 2,409,222	\$ 2,263,155	\$ 2,140,732	\$ 2,108,942	\$ 2,108,888	\$ 2,112,643	\$ 2,146,926	\$ 2,127,910	\$ 2,168,972
Total net debt applicable to limit (3)										
Legal debt margin	<u>\$ 2,601,636</u>	<u>\$ 2,409,222</u>	<u>\$ 2,263,155</u>	<u>\$ 2,140,732</u>	<u>\$ 2,108,942</u>	<u>\$ 2,108,888</u>	<u>\$ 2,112,643</u>	<u>\$ 2,146,926</u>	<u>\$ 2,127,910</u>	<u>\$ 2,168,972</u>
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources:

(1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

(2) Limit set by NJSA 18A:24-19 for a K through 6 district.

(3) District Records

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2024	Unavailable	Unavailable	Unavailable	Unavailable
2023	1546	Unavailable	Unavailable	6.3%
2022	1534	\$ 92,790,126	\$ 60,489	5.2%
2021	1539	94,867,038	61,642	8.7%
2020	1610	94,716,300	58,830	11.4%
2019	1617	90,196,260	55,780	4.6%
2018	1621	87,700,963	54,103	6.1%
2017	1622	84,146,116	51,878	6.7%
2016	1620	80,015,040	49,392	7.4%
2015	1616	77,703,744	48,084	8.3%

Source:

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

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

	2024			2015		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Information is not available		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
	-			-		

Source: Individual Employers

Operating Information

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

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	N/A - This District is a non-operating district.									
Support Services:										
General Administrative Services										
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: District Records

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

Fiscal Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2023										
2022										
2021										
2020										
2019										
2018										
2017										
2016										
2015										
2014										

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

Sources: District Records

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

Fiscal Year Ended June 30,										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>District Building</u>										
<u>Elementary</u>										
Shirley B. Foster (1975)										
Square Feet	37,350	37,350	37,350	37,350	37,350	37,350	37,350	37,350	37,350	37,350
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Schools at June 30, 2024										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Records

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

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

		Fiscal Year Ended June 30,									
<u>School Facilities</u>	<u>School #</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Shirley B. Foster Elementary	N/A	\$ 48,113	\$ 22,966	\$ 26,320	\$ 26,050	\$ 73,563	\$ 54,913	\$ 85,991	\$ 47,327	\$ 50,078	\$ 57,197
Total School Facilities		<u>\$ 48,113</u>	<u>\$ 22,966</u>	<u>\$ 26,320</u>	<u>\$ 26,050</u>	<u>\$ 73,563</u>	<u>\$ 54,913</u>	<u>\$ 85,991</u>	<u>\$ 47,327</u>	<u>\$ 50,078</u>	<u>\$ 57,197</u>

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

Source: District Records

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Insurance Schedule
As of June 30, 2024
Unaudited

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

SINGLE AUDIT SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 10, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding number 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Chesilhurst School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as findings number 2024-001 and 2024-002.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael P. Cragin, Jr.
Certified Public Accountant
Public School Accountant No. 20CS00255100

Voorhees, New Jersey
January 10, 2025



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on the Major State Program

We have audited the Borough of Chesilhurst School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the School District's major state program for the fiscal year ended June 30, 2024. The School District's major state program is identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2024.

Basis for Opinion on the Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the New Jersey Circular 15-08-OMB and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding Numbers 2024-002, 2024-003 and 2024-004. Our opinion on the major state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding number 2024-003 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding number 2024-002, to be a significant deficiency.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael P. Cragin, Jr.
Certified Public Accountant
Public School Accountant No. 20CS00255100

Voorhees, New Jersey
January 10, 2025

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BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2024

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Matching</u>	<u>Grant Period</u>		<u>Balance June 30, 2023</u>	
				<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>
General Fund:							
State Department of Education:							
Equalization Aid	24-495-034-5120-078	\$ 1,235,654.00	N/A	7-1-23	6-30-24		
Equalization Aid	23-495-034-5120-078	1,235,654.00	N/A	7-1-22	6-30-23	\$ (117,126.40)	
Special Education Categorical Aid	24-495-034-5120-089	95,861.00	N/A	7-1-23	6-30-24		
Special Education Categorical Aid	23-495-034-5120-089	95,861.00	N/A	7-1-22	6-30-23	(9,086.60)	
Security Aid	24-495-034-5120-084	50,877.00	N/A	7-1-23	6-30-24		
Security Aid	23-495-034-5120-084	50,877.00	N/A	7-1-22	6-30-23	(4,823.00)	
Total State Aid - Public						(131,036.00)	\$ -
Transportation Aid	24-495-034-5120-014	170,166.00	N/A	7-1-23	6-30-24		
Transportation Aid	23-495-034-5120-014	170,166.00	N/A	7-1-22	6-30-23	(16,130.00)	
Additional NP School Transportation Aid	24-495-034-5120-014	5,005.00	N/A	7-1-23	6-30-24		
Additional NP School Transportation Aid	23-495-034-5120-014	4,056.00	N/A	7-1-22	6-30-23	(4,056.00)	
Total Transportation Aid						(20,186.00)	-
Extraordinary Aid	23-495-034-5120-044	24,753.00	N/A	7-1-22	6-30-23	(24,753.00)	
Total General Fund						(175,975.00)	-
Special Revenue Fund:							
State Department of Education:							
Preschool Education Aid	24-495-034-5120-086	28,790.00	N/A	7-1-23	6-30-24		
Preschool Education Aid	22-495-034-5120-086	20,824.00	N/A	7-1-21	6-30-22	20,824.00	
Preschool Education Aid	20-495-034-5120-086	20,136.00	N/A	7-1-19	6-30-20	2,010.00	
Total Special Revenue Fund						22,834.00	-
Total State Financial Assistance						\$ (153,141.00)	\$ -

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2024

<u>Cash Received</u>	<u>Adjustments</u>	<u>Total Budgetary Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Balance June 30, 2024</u>			<u>Memo</u>	
				<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable June 30, 2024</u>	<u>Cumulative Total Expenditures</u>
\$ 1,112,115.05		\$ 1,235,654.00		\$ (123,538.95)			\$ (123,538.95)	\$ 1,235,654.00
117,126.40								
86,276.95		95,861.00		(9,584.05)			(9,584.05)	95,861.00
9,086.60								
45,790.00		50,877.00		(5,087.00)			(5,087.00)	50,877.00
4,823.00								
1,375,218.00	\$ -	1,382,392.00	\$ -	(138,210.00)	\$ -	\$ -	(138,210.00)	1,382,392.00
153,153.00		170,166.00		(17,013.00)			(17,013.00)	170,166.00
16,130.00								
		5,005.00		(5,005.00)				5,005.00
4,056.00								
173,339.00	-	175,171.00	-	(22,018.00)	-	-	(17,013.00)	175,171.00
24,753.00								
1,573,310.00	-	1,557,563.00	-	(160,228.00)	-	-	(155,223.00)	1,557,563.00
25,912.00		28,790.00		(2,878.00)			(2,878.00)	28,790.00
					20,824.00			
					2,010.00			
25,912.00	-	28,790.00	-	(2,878.00)	22,834.00	-	(2,878.00)	28,790.00
\$ 1,599,222.00	\$ -	\$ 1,586,353.00	\$ -	\$ (163,106.00)	\$ 22,834.00	\$ -	\$ (158,101.00)	\$ 1,586,353.00

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Notes to Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2024

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance ("the schedule") include state award activity of the Borough of Chesilhurst School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies, are included on the schedule. Because this schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule is presented using the budgetary basis of accounting. This basis of accounting is described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The expenditures reflected in the schedule are presented at the state participation level; thus, any matching portion is not included.

Note 3: 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 schedule on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedule on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Notes to the Schedule of Expenditures of
State Financial Assistance (Cont'd)**

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$8,057.00) for the general fund, (\$2,878.00) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

The revenues reported on a GAAP basis from the basic financial statements with a reconciliation to the reported amounts on the schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>State</u>
General	\$ 1,549,506.00
Special Revenue	<u>25,912.00</u>
GAAP Basis Revenues	<u>1,575,418.00</u>
GAAP Adjustments:	
State Aid Payments	<u>10,935.00</u>
Total Financial Assistance Expended	<u><u>\$ 1,586,353.00</u></u>

Note 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports.

Note 5: MAJOR PROGRAMS

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards

N/A - Not Required

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

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

Dollar threshold used to determine Type A programs		
Auditee qualified as low-risk auditee?	yes	no

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?

 x yes no

Significant deficiency(ies) identified?

x yes none reported

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

Unmodified

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

x	yes	no
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Identification of major programs:

GMIS Number(s)

Name of State Program

State Aid Public:

495-034-5120-078

Equalization Aid

495-034-5120-089

Categorical Special Education Aid

495-034-5120-084

Categorical Security Aid

Dollar threshold used to determine Type A programs

\$750,000.00

Auditee qualified as low-risk auditee?

x yes no

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2024-001

Criteria or Specific Requirement

Per the School District Audit Program, school districts are required to have an accurate list of purchase orders for which the goods have been received or the services have been rendered at June 30th, but that have not been paid.

Condition

During our audit, we noted that the internal controls over recording and monitoring of the purchase order / accounts payable accounting system were insufficient to provide an accurate list of purchase orders as of June 30, 2024.

Context

During our testing of unrecorded liabilities, we noted three invoices that should have been recorded as accounts payable.

Effect or Potential Effect

Not properly monitoring the budget charging process of purchase orders resulted in over-expenditures or incorrect reporting of financial statements.

Cause

There was a breakdown in internal controls over proper reporting of the accounts payable classification.

Identification as a Repeat Finding

The condition did not exist in the immediately preceding fiscal year.

Recommendation

The School District improve their internal controls over recording and monitoring of the purchase order / accounts payable accounting system to ensure that the School District is in compliance with School District Audit Program.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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

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

Finding No. 2024-002

Criteria or Specific Requirement

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

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

Condition

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

Questioned Costs

None.

Context

During our testing of expenditures, we noted that eight vouchers were not properly approved before issuing payment.

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

Effect or Potential Effect

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

Cause

Unknown

Recommendation

The School District should ensure that it complies with N.J.S.A. 18A:19-3 and N.J.S.A. 52:32-44 and make sure that all claims are properly approved prior to payment.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Not Applicable.

BOROUGH OF CHESILHURST SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs

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

Finding No. 2024-002

Information on the State Program

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

Criteria or Specific Requirement

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

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

Condition

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

Questioned Costs

None.

Context

During our testing of expenditures, we noted that eight vouchers were not properly approved before issuing payment.

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

Effect or Potential Effect

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

Cause

Unknown

Recommendation

The School District should ensure that it complies with N.J.S.A. 18A:19-3 and N.J.S.A. 52:32-44 and make sure that all claims are properly approved prior to payment.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2024

Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2024-003

Information on the State Program

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

Criteria or Specific Requirement

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and also requires Boards to certify that no over-expenditures occurred.

Condition

The School District did not comply with N.J.A.C. 6A:23A-16.10 requirements because one budget appropriation was over-expended prior to audit adjustments and audit adjustments resulted in six more appropriations being over-expended at year-end. Throughout the school year, the minutes indicated Board certification that there were no over-expenditures. As a result of the audit adjustments, the School District over-expended the budget in total for the fiscal year.

Questioned Costs

None.

Context

The following items were noted during our audit:

1. As noted on the School District's Board Secretary report, the School District had budget appropriations that were over-expended. Additionally, the School district over-expended the budget in total.
2. As a result of required audit adjustments, budget appropriations for capital outlay, two tuition lines and two transportation line items and legal services were over-expended.
3. School District minutes indicated Board certification that no over-expenditures existed when they actually did.

Effect or Potential Effect

The School District did not comply with N.J.A.C. 6A:23A-16.10 requirements and charged expenses to accounts that did not have sufficient funds. As a result, the School District ended the year with a deficit in unassigned fund balance.

Cause

There was a breakdown in internal controls over proper reporting of expenditures.

Recommendation

The School District should ensure that it complies with N.J.A.C. 6A:23A-16.10 and make sure that no over-expenditures occur.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF CHESILHURST SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2024

Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2024-004

Information on the State Program

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

Criteria or Specific Requirement

N.J.S.A. 18A:22-8.1 requires Commissioner approval (or executive county superintendent as Commissioner's designee) for line-item transfers from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes. N.J.A.C. 6A:23A-13.3(g) requires regular non-vocational school districts to receive approval for any transfer to an advertised appropriation account identified as administration that exceeds, on a cumulative basis, 10 percent of the amount of the account included in the district's budget certified for taxes.

Condition

The School District did not obtain Commissioner approval or executive county superintendent as Commissioner's designee for line item transfers as required by N.J.S.A. 18A:22-8.1 and N.J.A.C. 6A:23A-13.3(g).

Questioned Costs

N/A - None

Context

We noted that the School District did not obtain approval for the following transfers:

- Transfer from the Transportation lines exceeded 10%.
- Transfers to General Administration exceeded 10%.

Effect or Potential Effect

The School District did not comply with N.J.S.A. 18A:22-8.1 and N.J.A.C. 6A:23A-13.3(g) requirements.

Cause

Unknown

Identification as a Repeat Finding

Not Applicable

Recommendation

The School District should comply with N.J.S.A. 18A:22-8.1 and N.J.A.C. 6A:23A-13.3(g) by receiving appropriate approvals for budget line-item transfers when required.

View of Responsible Officials and Planned Corrective Action

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

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

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARDS

This section is not applicable. A Federal Single Audit was not performed.

STATE FINANCIAL ASSISTANCE PROGRAMS

There were no prior year findings.