

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Chester School District
Board of Education
Chester, New Jersey**

For the Fiscal Year Ended June 30, 2015

Prepared by

**Chester School District
Board of Education
Finance Department**

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

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Introductory Section

Chester School District
50 North Road, Building 4
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Christina VanWoert, Ed.D.
Superintendent of Schools

John Boreman
Interim School Business Administrator
Board Secretary

December 1, 2015

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

Dear Board Members and Constituents:

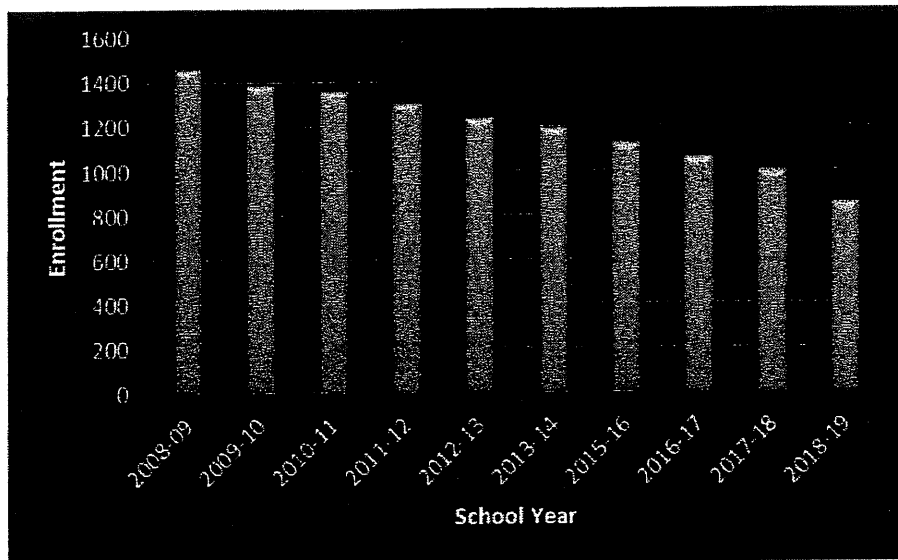
The comprehensive annual financial report (CAFR) of the Chester School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Chester 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 presenting all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principals generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This transmittal letter is designed to be read in conjunction with the Management Discussion and Analysis, which begins on page 14.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, Management Discussion and Analysis 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 the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and the State Treasury Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments." 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 recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services: Chester School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB No.14. All funds and account groups of the District are included in this report. The Chester School District Board of Education and all its schools constitute the District's reporting entity.

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

2. Enrollment: The District completed the 2014-2015 fiscal year with an enrollment of 1,166 students, which is 51 students less than the previous year's enrollment. The District recently commissioned a demographic survey and the data reported by Whitehall Associates, Inc. is illustrated below:



The District's highest enrollment of 1,457 was in the 2008-09 school year and has declined steadily from that point, with a projected enrollment in 2018-19 of 863 students. According to the Chester Borough Planning Board, there is little or no development planned in the near future. The surrounding elementary school districts, which send their students to the West Morris Regional High School District, are also experiencing enrollment declines. The five municipalities, Chester Township, Chester Borough, Mendham Township, Mendham Borough and Washington Township have been meeting and discussing consolidation and de-regionalization options. A feasibility study has been commissioned to explore these options further.

3. Economic Condition and Outlook: The Chester School District, as most of the school populations in the United States, is experiencing a period of slow development and expansion, which is expected to continue beyond the year 2015. It has been noted that the available space for future development in Chester Township is limited and there is no additional space in Chester Borough for additional homes. Because the housing market is still somewhat depressed, home sales have been slow. Therefore, fewer families with school age children are moving in to the community. Enrollment has dropped over the past several years and we expect that it will do so next year as well.

Although Chester is considered a fairly affluent community, the District has had an increase over the past two years in families receiving free and reduced lunch benefits as a result of the current economy. This is the fourth year the District was eligible for Title I funds, which is unusual for a school system that is in the J District Factor Group.

4. Major Initiatives: The Black River Middle School is a New Jersey School to Watch for the second time.

The Chester School District's curriculum meets and exceeds the New Jersey Core Curriculum Content Standards. Listed below are the enhancements that the District's budget supports:

MATH

The District' focus is on fully implementing the Common Core State Standards and preparation for the PARCC assessments in the spring of 2015. Recently, a new K – 3 Math Curriculum and Program was implemented from Pearson EnVision with a focus on Common Core Standards and Technology. The District has also added a Math Coach to the faculty to focus on peer coaching and professional development.

SCIENCE

The District is now offering a STEM class at all three schools for students in grades K – 8. These classes have been very well received and focus directly on integrating the STEM subjects through all areas of the curriculum. In addition, we are piloting a middle schools Science Program called STEM Scopes which is aligned with the Next Generation Science Standards due to be implemented in the middle school in 16-17.

LANGUAGE ARTS LITERACY

Student portfolio assessments have been developed across the District utilizing benchmark writing assessments to chart student progress longitudinally from Kindergarten through eighth grade. The District is moving towards full implementation of the Common Core State Standards and preparation for the PARCC assessments.

SOCIAL STUDIES

A new class titled the History of Innovation and Design has been added to the curriculum, combining elements of the new STEM initiative with the Social Studies curriculum.

TECHNOLOGY

The District continues to enhance the technology in the classroom and district-wide. The District has doubled its bandwidth in preparation for PARCC testing. Interactive white boards have been installed in almost every classroom. Working with the Educational Foundation of the Chesters and the PTO, the district has purchased carts of laptops and Chromebooks, iPads, and document cameras. The Black River Middle School now has a 1:1 student to device ratio. A Technology and Communications Committee, consisting of teachers, administrators and parents, has been actively meeting to enhance the integration of technology into the curriculum. Four Technology Instructional Coaches have also been added to the faculty to focus on peer coaching and professional development.

FACILITIES

The District has made it a priority to deposit excess funds in the Capital Reserve and Maintenance Accounts to ensure that the District's infrastructure remains in good condition. Future projects include enhanced security measures in each of the school buildings, roof replacements and the development of a revised Long-Range Facility Plan to assist the District in budgeting for future projects.

5. Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure 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 structure 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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure 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 structure, including that portion related to federal and state financial assistance programs as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

8. AWARDS: The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014 was awarded a "Certificate of Excellence in Financial Reporting" by the Association of School Business Officials International. This is the eleventh consecutive year the district has received this award.

9. FINANCIAL POLICIES: As a result of the current economic situation, the District has put policies in place to implement the efficiency standards as established by the State of New Jersey. The District is using shared services and purchasing cooperatives whenever possible. The District also participated in the Morris County Improvement Authority's Renewable Energy Program, significantly reducing the District's energy costs, allowing more funding to be directed into the classroom.

The District adopted the following financial policies to guide budget development and oversight:

- Provide funds for programs and services that support district goals and education excellence
- Provide funding for all programs required by state and federal mandate, Board policy and contractual obligations
- Be prudent in the expenditure of district funds, respecting the impact on local taxpayers
- Build the budget from a zero base; requiring justification for all line items, including contingencies for unanticipated needs
- Prepare a budget in compliance with N.J.A.C. 6A:23A. School district Fiscal Accountability, Efficiency and Budgeting Procedures, Subchapter 8. Annual Budget Development and Submission
- Prepare a budget in compliance with the tax levy cap law, P.L. 2010, c. 44.

10. 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.


11. 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.

12. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected VM Associates, Inc. as its auditor. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

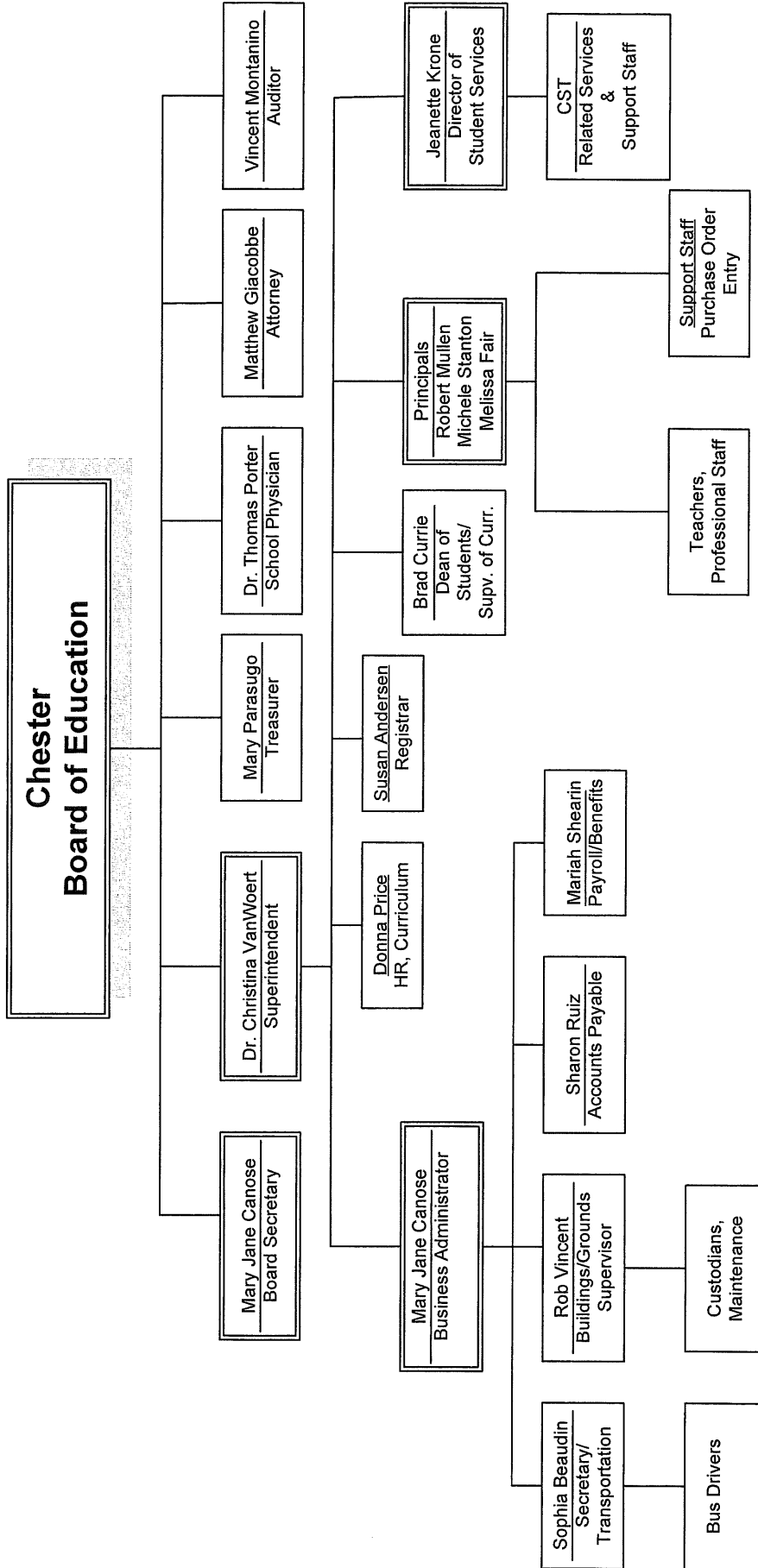
Respectfully submitted,


Christina Van Woert, Ed.D.
Superintendent of Schools



John Boreman
Interim School Business Administrator, Board Secretary

Chester School District Organizational Chart



**CHESTER SCHOOL DISTRICT
CHESTER, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2015**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Amy Collins, Member	2016
Christine Hofstetter, Member	2015
Caroline Kleppe-Collins, Member	2015
Christopher Lowry, Member	2017
Liz Madinabeitia, Member	2017
Jonathan Rochelle	2017
Heather Ronco, Vice President	2016
Michael Tomasco, Member	2015
Kerri Wright, President	2016

Other Officials

Dr. Christina Van Woert	Superintendent of Schools
Mary Jane Canose	Business Administrator/Board Secretary
Mary Parasugo	Treasurer of School Monies

**CHESTER SCHOOL DISTRICT
CHESTER, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2015**

ATTORNEY

Matthew J. Giacobbe
Cleary Giacobbe Alfieri Jacobs, LLC
169 Ramapo Valley Rd.
Oakland, NJ 07436

DISTRICT AUDITOR

VM Associates, Inc.
111 Howard Boulevard, Suite 212
P.O. Box 397
Mt. Arlington, New Jersey 07856

OFFICIAL DEPOSITORY

Valley National Bank
2 Main Street
Chester, NJ 07930

Association of School Business Officials International

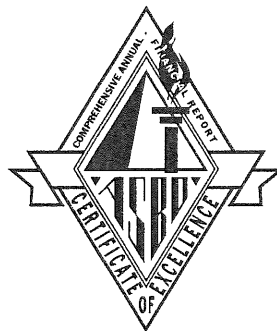


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Chester Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read "Mark C. Pepera".

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

Financial Section

Independent Auditors' Report



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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vm_associates@msn.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 17 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 86-89 and 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

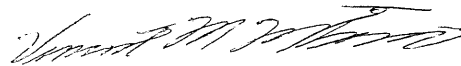
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chester School District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and other information such as the introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated December 15, 2015 on our consideration of the Chester 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey in considering the Chester School District's internal control over financial reporting and analysis.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 15, 2015

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

CHESTER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

The discussion and analysis of the Chester School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required and Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

Financial Highlights

- The assets and deferred outflows of resources of the Chester School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,919,880 (net position).
- The District's total net position increased \$254,982. Net Position of Business-type Activities increased \$8,164, and the net position of governmental activities increased by \$246,818.
- General revenues accounted for \$20,580,601 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants accounted for \$5,064,332 or 20 percent of total revenues of \$25,644,933.
- The district had \$25,051,761 in expenses related to governmental activities; only \$4,718,241 were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$20,580,338 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$23,156,653 in revenues, \$22,769,585 in expenditures, \$274,460 in other financing sources and \$161,761 in net transfers to other funds. The General Fund's fund balance increased \$499,767 from the June 30, 2014 fund balance. The Capital Projects Fund had no capital grants. Total expenditures for the Capital Projects Fund were \$161,761, and net transfers from other funds totaled \$161,761, resulting in the Fund's fund balance remaining the same as the June 30, 2014 fund balance. The Debt Service Fund Balance decreased \$18,162 over the prior year. The amount of the decrease is the withdrawal from debt service appropriated in 2014-2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows and inflows of resources, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** Most of the district's basic programs and services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-Type Activities:** These services are provided on a charge for goods or services basis to recover the cost of the goods and services provided. The District's food service, summer enrichment and pay to participate programs are each reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The district is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information: The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Chester School District's
Government-Wide and Fund Financial Statements
(Figure A-1)**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows and inflows, and liabilities, both financial and capital, and short-term and long term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long- term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Financial Analysis of the District as a Whole

The District's *combined* net position changed from a year ago, *increasing* from \$7.6 million to \$7.9 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30. The District had an inspection of its Capital Assets and allocated and adjusted its Construction in Progress. This along with the requirements of audit in complying with GASB 68 required Net Position to be restated. More detailed information about the District capital assets and the restatement is presented in the notes to the basic financial statements.

Table 1

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current and Other Assets	\$ 5,626,097	\$ 5,109,101	\$ 86,641	\$ 98,414	\$ 5,712,738	\$ 5,207,515
Capital Assets						
Construction in Progress	919,384				919,384	-
Other Assets, Net of Accumulated Depreciation	<u>24,204,939</u>	<u>25,970,785</u>	<u>90,199</u>	<u>45,741</u>	<u>24,295,138</u>	<u>26,016,526</u>
Total Assets	<u>30,750,420</u>	<u>31,079,886</u>	<u>176,840</u>	<u>144,155</u>	<u>30,927,260</u>	<u>31,224,041</u>
Deferred Outflows of Resources	<u>1,978,354</u>	<u>1,710,582</u>	<u>-</u>	<u>-</u>	<u>1,978,354</u>	<u>1,710,582</u>
Long-term Debt Outstanding	19,582,732	20,305,836			19,582,732	20,305,836
Other Liabilities	<u>5,094,089</u>	<u>4,960,247</u>	<u>28,163</u>	<u>3,642</u>	<u>5,122,252</u>	<u>4,963,889</u>
Total Liabilities	<u>24,676,821</u>	<u>25,266,083</u>	<u>28,163</u>	<u>3,642</u>	<u>24,704,984</u>	<u>25,269,725</u>
Deferred Inflows of Resources	<u>280,750</u>	<u>-</u>			<u>280,750</u>	<u>-</u>
Net Position:						
Net Investment in Capital Assets	7,783,923	7,982,014	90,199	45,741	7,874,122	8,027,755
Restricted	4,756,466	4,377,042			4,756,466	4,377,042
Unrestricted (deficit)	<u>(4,769,186)</u>	<u>(4,834,671)</u>	<u>58,478</u>	<u>94,772</u>	<u>(4,710,708)</u>	<u>(4,739,899)</u>
Total Net Position	<u>\$ 7,771,203</u>	<u>\$ 7,524,385</u>	<u>\$ 148,677</u>	<u>\$ 140,513</u>	<u>\$ 7,919,880</u>	<u>\$ 7,664,898</u>

- Net position of the District's governmental activities increased by 3.28 percent, primarily due to the allocation/adjustment of prior year capital assets and the restatement of pension liability required by GASB 68.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$65,485.
- Restricted net position, those restricted mainly for capital projects increased by \$379,424.
- The investment in capital assets, net of debt category decreased by \$198,091.

Table 2

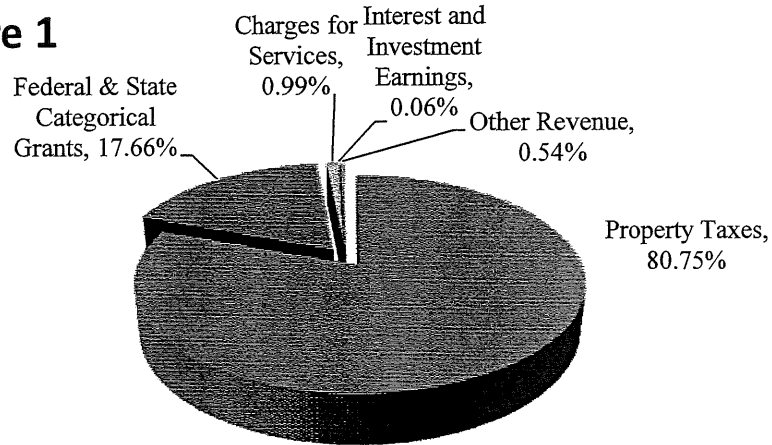
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 249,521	\$ 182,115	\$ 283,534	\$ 297,817	\$ 533,055	\$ 479,932
Operating Grants and Contributions	4,468,720	3,973,197	62,557	59,373	4,531,277	4,032,570
General Revenues:						
Property Taxes	20,426,941	19,966,388			20,426,941	19,966,388
Federal and State Aid	31,250	71,424			31,250	71,424
Interest and Investment Earnings	15,969	15,447	263	1,704	16,232	17,151
Other General Revenues	106,178	131,106	-	-	106,178	131,106
Total Revenues:	<u>25,298,579</u>	<u>24,339,677</u>	<u>346,354</u>	<u>358,894</u>	<u>25,644,933</u>	<u>24,698,571</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	8,989,618	8,537,297			8,989,618	8,537,297
Special	2,976,810	2,716,955			2,976,810	2,716,955
Other Instruction	770,279	834,520			770,279	834,520
Support Services:						
Tuition	637,553	693,460			637,553	693,460
Student and Instruction Related Services	3,010,285	2,920,482			3,010,285	2,920,482
School Administrative Services	1,248,910	1,189,595			1,248,910	1,189,595
General and Business Administrative Services	2,759,321	1,192,768			2,759,321	1,192,768
Plant Operations and Maintenance	2,188,130	2,170,778			2,188,130	2,170,778
Pupil Transportation	1,610,197	1,627,122			1,610,197	1,627,122
Capital Outlay-Debt Service Assessment	58,458	58,458			58,458	58,458
Special Schools	176,348	165,877			176,348	165,877
Charter Schools	-	98,108			-	98,108
Interest on Long-Term Debt	625,852	657,041			625,852	657,041
Business-Type Activities:						
Food Services	-	-	338,190	367,622	338,190	367,622
Total Expenses	<u>25,051,761</u>	<u>22,862,461</u>	<u>338,190</u>	<u>367,622</u>	<u>25,389,951</u>	<u>23,230,083</u>
Increase in Net Position	246,818	1,477,216	8,164	(8,728)	254,982	1,468,488
Net Position-Beginning 7/1	7,423,406	25,566,194	140,513	149,241	7,664,898	25,715,435
Prior Period Adjustment	-	(19,519,025)	-	-	-	(19,519,025)
Net Position-Ending 6/30	<u>\$ 7,670,224</u>	<u>\$ 7,524,385</u>	<u>\$ 148,677</u>	<u>\$ 140,513</u>	<u>\$ 7,919,880</u>	<u>\$ 7,664,898</u>

Governmental Activities

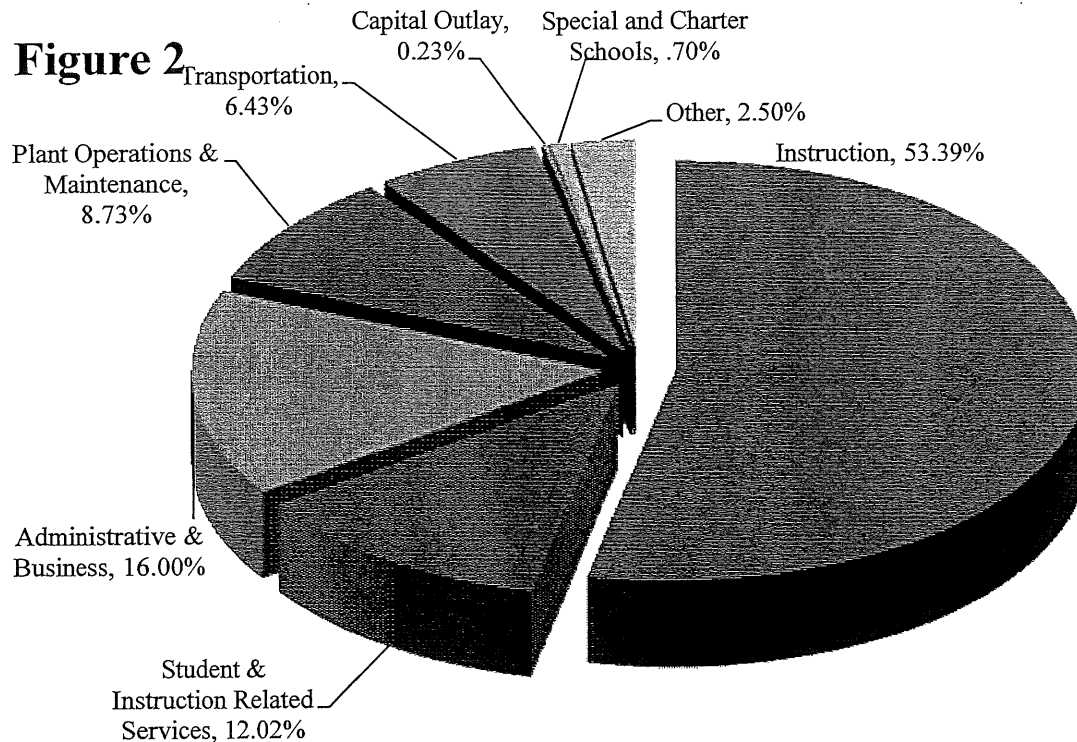
Revenue Sources. The District's total revenue for the 2014/2015 school year was \$25,298,579 (See Table 2). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$20,426,941 of the total, or 80.75 percent (See Figure 1). State formula aid and categorical grants accounted for 17.66 percent and the remainder was from other miscellaneous sources. The Chester School District primarily conducts its operations from the revenue it receives from its local taxpayers.

Figure 1



The total cost of all programs and services was \$25,051,761. The District's expenses are predominantly related to instruction (53.39 percent), caring for (student and instruction services) and transporting students (18.45 percent) (See Figure 2). The District's administrative and maintenance activities accounted for 24.73 percent of total costs. It is important to note that depreciation of \$1,774,429 is included in expenses for the year.

Figure 2



Governmental Activities (Continued)

In NJ State Aid has remained relatively flat over the past few years; the burden of funding education in the District has fallen on property taxes. Therefore it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

Table 3 presents the cost of the District’s major activities. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 12,736,707	\$ 12,088,772	\$ 9,897,113	\$ 9,632,090
Tuition	637,553	957,445	400,210	658,621
Student and Instruction Services	3,010,285	2,920,482	2,554,217	2,573,226
Administrative and Business	4,008,231	2,382,363	3,771,146	2,208,013
Maintenance and Operations	2,188,130	2,170,778	1,994,110	2,067,482
Transportation	1,610,197	1,627,122	1,463,609	1,467,372
Other	860,658	715,499	253,115	100,345
	<u>\$ 25,051,761</u>	<u>\$ 22,862,461</u>	<u>\$ 20,333,520</u>	<u>\$ 18,707,149</u>

- The cost of all governmental activities this year was \$25 million.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District’s costs, however, were financed by District taxpayers (\$20.4 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The District's governmental fund is comprised of the general fund, special revenue fund, capital projects fund, and the debt service fund and is accounted for using the modified accrual basis of accounting.

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unrestricted fund balance is divided between assigned to and unassigned balances. The District has assigned portions of the unrestricted fund balance to earmark resources for the payment of certain government-wide liabilities that are not recognized in the governmental funds.

General Fund: The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$494,038, while total fund balance was \$5,184,326.

As demonstrated by the various statements, the District maintains a sound financial position. The information below compares revenues for 2014-2015 and 2013-2014.

Table 4

<u>Revenues by Source:</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>% Change</u>
Local Tax/Levy	\$ 21,010,908	\$ 20,581,542	2.09%
Tuition Charges	249,521	182,115	37.01%
Interest Earned to Investments	11,776	15,447	-23.77%
Miscellaneous	<u>148,451</u>	<u>206,048</u>	-27.95%
Total - Local Sources	21,420,656	20,985,152	2.08%
State Sources	3,249,882	3,021,827	7.55%
Federal Sources	<u>391,307</u>	<u>332,698</u>	17.62%
Total Revenues	<u>\$ 25,061,845</u>	<u>\$ 24,339,677</u>	2.97%

The increase in local sources is mainly attributable to a tax levy increase, and tuition adjustments from private schools. Miscellaneous revenue decreased in 2014-2015 due to no longer receiving E-rate refunds. Interest earned on investments decreased due to lower interest rates.

The increase of \$228,055 or 7.55% of State sources is a result of a increase from the State in On-Behalf TPAF Pension Contributions.

The increase of \$58,609 of Federal sources in 2014-2015 is primarily due to the District realizing more revenue for the I.D.E.A. Basic Grant.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Governmental Activities (Continued)

The information below compares expenditures for 2014-2015 and 2013-2014:

Table 5

<u>Expenditures by Function:</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 6,359,300	\$ 6,156,808	3.29%
Special Education	2,123,169	1,951,554	8.79%
Other Instruction	536,572	611,446	-12.25%
Support Services and Undistributed Costs:			
Tuition	637,553	693,460	-8.06%
Student and Instruction Related Services	2,269,972	2,258,631	0.50%
School Administrative Services	829,036	799,853	3.65%
General and Business Administrative Services	868,403	813,754	6.72%
Plant Operations and Maintenance	1,829,747	1,870,389	-2.17%
Pupil Transportation	1,488,563	1,493,827	-0.35%
Employee Benefits	5,362,900	5,040,703	6.39%
Capital Outlay	927,967	984,717	-5.76%
Capital Outlay-Debt Service Assessment	58,458	58,458	0.00%
Special Schools	143,543	141,030	1.78%
Transfer to Charter School	-	98,108	-100.00%
Debt Service:			
Principal	825,000	800,000	3.13%
Interest on Long-Term Debt	594,537	625,413	-4.94%
Total Expenditures	<u>\$ 24,854,720</u>	<u>\$ 24,398,151</u>	1.87%

Other Instruction decreased \$74,874 in 2014-2015 primarily due to less Fund 20 local grant expenditures. Charter Schools decreased \$98,108 because there was no enrollment of any students in the current year.

All other fluctuations are within the normal range of plus or minus 10% and therefore further explanation is not provided.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Governmental Activities (Continued)

GENERAL FUND

Fund Balance in the General Fund increased by \$499,767 due to the realization of more revenues over and above what was anticipated and by the District efficiently spending less than was budgeted. Of the \$5,184,326 of fund balance in the General Fund, \$2,852,965 has been restricted in the capital reserve account, \$1,011,503 has been restricted in the maintenance reserve account, \$199,291 has been restricted as current year excess surplus and \$474,706 as Designated excess surplus-prior year, and \$151,823 of encumbrances are assigned to other purposes and \$494,038 is unassigned. The District is at its maximum unassigned fund balance limit. Overall, the District's financial position remains sound.

SPECIAL REVENUE FUND

The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students. Federal sources accounted for the majority of the Special Revenue Fund's revenue which represented 78% of the total revenues for the year ended June 30, 2015. Revenues and Expenditures in the Special Revenue Fund remained consistent with that of the prior year.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The fund balance in the Capital Projects Fund of \$217,980 is the result of the unspent proceeds from transfers from capital reserve, private contributions, and state grant money that is being used for ongoing capital projects throughout the District. The \$159,480 interfund payable with the General Fund is a cash advance to cover bills and will be liquidated.

DEBT SERVICE FUND

Fund Balance in the Debt Service Fund decreased by \$18,162 due to the utilization of the fund balance appropriated for tax relief. The Debt Service Fund has a total fund balance of \$21 for the year ended June 30, 2015.

Business-type Activities

The District's major Enterprise Fund consists of the Food Service Fund. Revenues for the Food Service Program were comprised of charges for services and federal and state reimbursements. Food Service expenses exceeded revenues by \$8,164. Charges for food service represent \$283,534 of revenue, this is the amount paid by patrons for daily food service and special functions. Federal and State reimbursements for meals, including payments for free and reduced lunches, and donated commodities were \$62,557.

The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 6, which demonstrates return on ending assets and return on ending net position.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)
Business-type Activities (Continued)

Table 6

	<u>Food Service</u>
Total Assets	\$ 176,840
Net Position	148,677
Change in Net Position	8,164
Return on Ending Total Assets	4.62%
Return on Ending Net Position	5.49%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 7

**Capital Assets at Year-End
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land Improvements	\$ 1,096,278	\$ 1,007,382	\$ -	\$ -	\$ 1,096,278	\$ 1,007,382
Buildings	35,631,777	6,360,187			35,631,777	6,360,187
Machinery and Equipment	1,684,062	1,540,825	175,905	125,211	1,859,967	1,666,036
Construction-in-Progress	919,384	37,374,990	-	-	919,384	37,374,990
Subtotal	39,331,501	46,283,384	175,905	125,211	39,507,406	46,408,595
Accumulated Depreciation	(14,207,178)	(5,363,729)	(85,706)	(79,470)	(14,292,884)	(5,443,199)
Totals	<u>\$ 25,124,323</u>	<u>\$ 40,919,655</u>	<u>\$ 90,199</u>	<u>\$ 45,741</u>	<u>\$ 25,214,522</u>	<u>\$ 40,965,396</u>

This year's major additions in the Governmental Activities included construction services, also as an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2015. The appraisal revealed asset activity that should have been recorded as of June 30, 2014. Accordingly, the Construction-in-Progress category and Accumulated Depreciation was reallocated and capital assets were restated.

The 2015-2016 budget calls for capital outlay expenditures in the amount of \$643,458, which represents the following: Upgrades to the security system at all three schools in the District, replacing the lockers in the girls and boys locker rooms at Black River Middle School, resurfacing a section of roof at Dickerson and Black River Middle Schools, and replacing the stage lighting at Black River Middle School.

DEBT

At year-end the District had total debt of \$18.9 million outstanding versus \$19.6 last year – a decrease of 3.7 percent – as shown in Table 8.

Outstanding Debt, at Year-End

Table 8

	Governmental Activities	
	2015	2014
Unamortized Premium	\$ 659,842	\$ 704,353
Serial Bonds	18,030,000	18,855,000
Capital Leases	274,743	140,000
	<u>\$ 18,964,585</u>	<u>\$ 19,699,353</u>

The District continued to pay down its debt, retiring \$825,000 of its outstanding serial bonds. Capital Leases increased because the District entered into a new technology lease in the current year.

An analysis of District Debt is presented in the notes to the basic financial statements.

BUDGETS

The District's budget is prepared according to New Jersey Department of Education guidelines. The most significant budgetary fund is the General Fund. Revisions in the general fund budget were made through budget transfers to prevent over commitments in specific line item accounts. These transfers were made by a resolution of the Board of Education pursuant to N.J.S.A. 18A:22-8.1.

Described below are explanations for variations in expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

Revenues

There were no revenue fluctuations between the original and modified budgets.

Expenditures

The modified budget for Special Education -Instruction increased by \$94,230 due to additional Preschool class and additional Resource Center Aides.

The modified budget for Allocated Benefits decreased by \$159,799 due to increased employee contributions and a negotiated Plan change.

BUDGETS (Continued)

Expenditures (Continued)

Capital Outlay-Construction Services increased \$189,772 because the district had FY14 continuing projects; security upgrades (17,965), Water Treatment System Dickerson (159,000), Door Lock upgrades (7,407) and BRMS Pump House Roofing (5,400).

Described below are explanations for variations in expenditures for certain lines where the modified budget amounts differ from the actual budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

Revenues

Local Revenues were more than the modified budget by \$95,448 primarily as a result of additional tuition revenue being realized.

State Revenues were more than the modified budget by \$2,057,386 as a result of non-public transportation reimbursements, extraordinary aid, and TPAF on Behalf and TPAF Reimbursed payments.

Expenditures

The actual amounts expended for Regular Programs - Instruction was less than the final budget by approximately \$91,741 as a result of one less teacher at Bragg (60,000), and retirement/replacement at Dickerson; (paid 31,000 less).

The actual amounts expended for Tuition to Other LEA's within the State-Special were less than the final budget by \$106,933 as a result of Tuition charged to IDEA Grant.

The actual amounts expended for Other Support Services Students-Related Services Purchased Professional Educational Services were less than the final budget by \$114,745 as a result of ABA & PT services charged to IDEA Grant.

The actual amounts expended for Other Support Services Students-Extra Services Purchased Professional Educational Services were less than the final budget by \$104,149 as a result of Nursing Service eliminated for one student.

The actual amounts expended for Electricity was less than the final budget by approximately \$101,313 as a result of increased solar energy production.

The actual amounts expended for Allocated Benefits was less than the final budget by approximately \$202,430 as a result of increased contributions by employees.

FACTORS BEARING ON THE DISTRICT'S FUTURE

In preparing the 2015-2016 budget, the primary goal of the Board was to develop a budget that would meet the District's educational priorities, provide accountability to the taxpaying community, and comply with the stringent restrictions placed on school district budgets by the new legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget. The District generated banked cap from health benefits adjustments.

The Board has opted to prepare its 2015-2016 budget with a .9% tax increase. The 2015-2016 unrestricted fund balance will be limited to 2% of the District's expenditures as per the New Jersey Department of Education regulations. Thus, it will be important to prepare a budget that will closely reflect actual expenditures since the unrestricted fund balance will not permit much flexibility. Looking ahead to the development of the 2016-2017 budget, the new budget law put into effect by the State of New Jersey Department of Education will have a significant impact. The law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to look into the budget and challenge the District in their expenditure decisions. The State of New Jersey has also made it clear that they are moving to reduce the number of school districts in the State by consolidating neighboring districts and by encouraging shared services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Chester School District, Chester, New Jersey.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2014.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The Government-Wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like activities as of June 30, 2014.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Net Position
June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 902,017	\$ 52,027	\$ 954,044
Receivables, Net	859,591	26,518	886,109
Inventory		8,096	8,096
Restricted Assets:			
Cash	21		21
Capital Reserve Account - Cash	3,864,468		3,864,468
Capital Assets, Net			
Construction in Progress	919,384		919,384
Other Assets, Net of Accum. Depreciation	<u>24,204,939</u>	<u>90,199</u>	<u>24,295,138</u>
Total Assets	<u>30,750,420</u>	<u>176,840</u>	<u>30,927,260</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	354,169		354,169
Deferred Charge on Refunding of Debt	<u>1,624,185</u>	-	<u>1,624,185</u>
Total Deferred Outflows of Resources	<u>1,978,354</u>	-	<u>1,978,354</u>
LIABILITIES			
Accounts Payable	116,733	28,163	144,896
Contracts Payable	220.00		220.00
Interest Payable	191,143		191,143
Payable to State Government	7,791		7,791
Unearned Revenue	99,026		99,026
Net Pension Liability	4,679,176		4,679,176
Noncurrent Liabilities			
Due Within One Year	992,415		992,415
Due Beyond One Year	<u>18,590,317</u>	-	<u>18,590,317</u>
Total Liabilities	<u>24,676,821</u>	<u>28,163</u>	<u>24,704,984</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>280,750</u>	-	<u>280,750</u>
Total Deferred Inflows of Resources	<u>280,750</u>	-	<u>280,750</u>
NET POSITION			
Net Investment in Capital Assets	7,783,923	90,199	7,874,122
Restricted For:			
Debt Service	21		21
Capital Projects	217,980		217,980
Excess Surplus	673,997		673,997
Capital Reserve Account	2,852,965		2,852,965
Maintenance Reserve Account	1,011,503		1,011,503
Unrestricted	<u>(4,769,186)</u>	<u>58,478</u>	<u>(4,710,708)</u>
Total Net Position	<u>\$ 7,771,203</u>	<u>\$148,677</u>	<u>\$ 7,919,880</u>

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

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions			
Governmental Activities:						
Instruction:						
Regular	\$ 8,989,618	\$ 249,521	\$ 1,088,975	\$ (7,651,122)	\$ -	\$ (7,651,122)
Special Education	2,976,810		1,411,720	(1,565,090)		(1,565,090)
Other Instruction	770,279		89,378	(680,901)		(680,901)
Support Services:						
Tuition	637,553		237,343	(400,210)		(400,210)
Student and Instruction Related Services	3,010,285		456,068	(2,554,217)		(2,554,217)
School Administrative Services	1,248,910		144,203	(1,104,707)		(1,104,707)
General and Business Administrative Services	2,759,321		92,882	(2,666,439)		(2,666,439)
Plant Operations and Maintenance	2,188,130		194,020	(1,994,110)		(1,994,110)
Pupil Transportation	1,610,197		146,588	(1,463,609)		(1,463,609)
Capital Outlay-Debt Service Assessment	58,458			(58,458)		(58,458)
Special Schools	176,348		23,576	(152,772)		(152,772)
Debt Service Interest and Other Charges	625,852	-	583,967	(41,885)		(41,885)
Total Governmental Activities	25,051,761	249,521	4,468,720	(20,333,520)		(20,333,520)
Business-Type Activities:						
Food Service	338,190	283,534	62,557		7,901	7,901
Total Business-Type Activities	338,190	283,534	62,557	-	7,901	7,901
Total Primary Government	\$ 25,389,951	\$ 533,055	\$ 4,531,277	\$ (20,333,520)	\$ 7,901	\$ (20,325,619)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 19,609,553		\$ 19,609,553
Property Taxes, Levied for Debt Service				817,388		817,388
Federal and State Aid Not Restricted				31,250		31,250
Rents and Royalties				39,795		39,795
Investment Earnings				15,969	263	16,232
Other Financing Uses				20		20
Miscellaneous Income				66,363		66,363
Total General Revenues				20,580,338	263	20,580,601
Change in Net Position				246,818	8,164	254,982
Net Position—Beginning (Restated)				7,524,385	140,513	7,664,898
Net Position—Ending				\$ 7,771,203	\$ 148,677	\$ 7,919,880

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

FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds- This section consists of the general, special revenue, capital projects, and debt service funds.

Proprietary Funds- This section consists of the food service program. These funds are operated in a manner to a private business enterprise.

Fiduciary Funds- This section consists of the unemployment compensation insurance trust fund, the student activity and the payroll agency funds.

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 902,017	\$ -	\$ -	\$ 21	\$ 902,038
Interfunds Receivable	242,814				242,814
Receivables from Other Governments	289,929	189,887	309,420		789,236
Other	2,315	-	68,040		70,355
Restricted Cash and Cash Equivalents	<u>3,864,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,864,468</u>
Total Assets	<u>\$ 5,301,543</u>	<u>\$ 189,887</u>	<u>\$ 377,460</u>	<u>\$ 21</u>	<u>\$ 5,868,911</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 116,347	\$ 386	\$ -	\$ -	\$ 116,733
Other Payable	220				220.00
Interfunds Payable		83,334	159,480		242,814
Payable to State Government		7,791			7,791
Unearned Revenue	<u>650</u>	<u>98,376</u>	<u>-</u>		<u>99,026</u>
Total Liabilities	<u>117,217</u>	<u>189,887</u>	<u>159,480</u>		<u>466,584</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,852,965				2,852,965
Maintenance Reserve Account	1,011,503				1,011,503
Excess Surplus-Current Year	199,291				199,291
Excess Surplus – Prior Year Designated for Subsequent Year's Expenditures	474,706				474,706
Capital Projects Fund			217,980		217,980
Debt Service Fund				21	21
Assigned to:					
Year End Encumbrances	151,823				151,823
Unassigned:					
General Fund	<u>494,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,038</u>
Total Fund Balances	<u>5,184,326</u>	<u>-</u>	<u>217,980</u>	<u>21</u>	<u>5,402,327</u>
Total Liabilities and Fund Balances	<u>\$ 5,301,543</u>	<u>\$ 189,887</u>	<u>\$ 377,460</u>	<u>\$ 21</u>	

Amounts reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

The District has financed capital assets through the issuance of serial bonds. The adjustment to net position for the accrual of interest expense is:	(191,143)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,331,501 and the accumulated depreciation is \$14,207,178.	25,124,323
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt	1,624,185
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements.	354,169
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements.	(280,750)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,679,176)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(19,582,732)</u>
Net Position of Governmental Activities	<u>\$ 7,771,203</u>

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 19,609,553	\$ -	\$ -	\$ 1,401,355	\$ 21,010,908
Tuition Charges	249,521				249,521
Rentals and Royalties	39,795				39,795
Interest Earned on Investments	11,776		-		11,776
Interest Earned on Capital Reserve Funds	4,193				4,193
Miscellaneous	66,363	38,100	-	-	104,463
Total - Local Sources	19,981,201	38,100	-	1,401,355	21,420,656
State Sources	3,175,452	74,430			3,249,882
Federal Sources	-	391,307	-	-	391,307
Total Revenues	<u>23,156,653</u>	<u>503,837</u>	<u>-</u>	<u>1,401,355</u>	<u>25,061,845</u>
EXPENDITURES					
Current:					
Regular Instruction	6,281,902	77,398			6,359,300
Special Education Instruction	1,882,795	240,374			2,123,169
Other Instruction	536,572				536,572
Support Services and Undistributed Costs:					
Tuition	637,553				637,553
Student and Instruction Related Services	2,089,900	180,072			2,269,972
School Administrative Services	829,036				829,036
General and Business Administrative Services	868,403				868,403
Plant Operations and Maintenance	1,829,747				1,829,747
Pupil Transportation	1,488,563				1,488,563
Allocated Benefits	2,682,869	5,993			2,688,862
Unallocated Benefits	2,674,038				2,674,038
Special Schools	143,543				143,543
Capital Outlay	766,206		161,761		927,967
Capital Outlay-Debt Service Assessment	58,458				58,458
Debt Service:					
Principal				825,000	825,000
Interest and Other Charges	-	-	-	594,537	594,537
Total Expenditures	<u>22,769,585</u>	<u>503,837</u>	<u>161,761</u>	<u>1,419,537</u>	<u>24,854,720</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>387,068</u>	<u>-</u>	<u>(161,761)</u>	<u>(18,182)</u>	<u>207,125</u>
OTHER FINANCING SOURCES AND (USES)					
Excess Escrow				20	20
Capital Leases (Non-Budgeted)	274,460			-	274,460
Transfers In	-		161,761		161,761
Transfers (Out)	<u>(161,761)</u>		<u>-</u>	<u>-</u>	<u>(161,761)</u>
Total Other Financing Sources and (Uses)	<u>112,699</u>		<u>161,761</u>	<u>20</u>	<u>274,480</u>
Net Change in Fund Balances					
	499,767	-	-	(18,162)	481,605
Fund Balance—July 1	<u>4,684,559</u>	<u>-</u>	<u>217,980</u>	<u>18,183</u>	<u>4,920,722</u>
Fund Balance—June 30	<u>\$ 5,184,326</u>	<u>\$ -</u>	<u>\$ 217,980</u>	<u>\$ 21</u>	<u>\$ 5,402,327</u>

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015**

Total Net Change in Fund Balances - Governmental Funds **\$ 481,605**

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 capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (1,774,429)	
Capital Outlays	<u>927,967</u>	(846,462)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. (-)

Repayment of Bond and Capital Lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bonds Payable	825,000	
Capital Leases Payable	<u>139,717</u>	964,717

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital Lease Proceeds		(274,460)
------------------------	--	-----------

Governmental Funds report effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding	(86,397)	
Amortization of Bond Premium	<u>44,511</u>	(41,886)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

Interest Paid	594,537	
Interest Accrued	<u>(583,966)</u>	10,571

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(35,602)

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

(11,665)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

Change in Net Position of Governmental Activities

<u>-</u>
<u>\$246,818</u>

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

PROPRIETARY FUNDS

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015**

	Business-type Activities - Enterprise Funds Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 52,027
Accounts Receivable	22,760
Federal and State Programs Receivable	3,758
Inventories	<u>8,096</u>
Total Current Assets	<u>86,641</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	175,905
Less Accumulated Depreciation	<u>(85,706)</u>
Total Noncurrent Assets	<u>90,199</u>
Total Assets	<u>176,840</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	<u>28,163</u>
Total Current Liabilities	<u>28,163</u>
Total Liabilities	<u>28,163</u>
NET POSITION	
Net Investment in Capital Assets	90,199
Unrestricted	<u>58,478</u>
Total Net Position	<u>\$ 148,677</u>

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015**

	Business-type Activities - <u>Enterprise Funds</u> Food <u>Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 149,687
Daily Sales - Non-Reimbursable Programs	124,593
Special Functions	8,634
Miscellaneous	<u>620</u>
Total Operating Revenues	<u>283,534</u>
Operating Expenses:	
Cost of Sales	96,847
Salaries	110,647
Employee Benefits	31,197
Purchased Property Service	56,301
Cleaning, Repair and Maintenance Services	5,381
Small Equipment	5,913
Other Purchased Services	1,727
General Supplies	23,941
Depreciation	<u>6,236</u>
Total Operating Expenses	<u>338,190</u>
Operating (Loss)	<u>(54,656)</u>
Nonoperating Revenues and Expenses:	
State Sources:	
State School Lunch Program	2,723
Federal Sources:	
National School Lunch Program	42,919
Food Distribution Program	16,915
Interest Income	<u>263</u>
Total Nonoperating Revenues and Expenses	<u>62,820</u>
Change in Net Position	8,164
Total Net Position—Beginning	<u>140,513</u>
Total Net Position—Ending	<u>\$ 148,677</u>

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

	Business-type Activities - <u>Enterprise Funds</u> Food <u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 283,534
Payments to Employees	(110,647)
Payments for Employee Benefits	(31,197)
Payments to Suppliers	<u>(186,597)</u>
Net Cash (Used For) Operating Activities	<u>(44,907)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,113
Federal Sources	48,827
Food Distribution Program	<u>16,915</u>
Net Cash Provided By Non-Capital Financing Activities	<u>68,855</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in capital contributions	
Purchases of Capital Assets	<u>(50,692)</u>
Net Cash (used for) Capital and Related Financing Activities	<u>(50,692)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	<u>263</u>
Net Cash Provided by Investing Activities	<u>263</u>
Net Increase In Cash	(26,481)
Balances—Beginning of Year	<u>78,508</u>
Balances—End of Year	<u>\$ 52,027</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:	
Operating (Loss)	\$ (54,656)
Adjustments to Reconcile Operating (Loss) To Net Cash (Used For) Operating Activities:	
Depreciation and Net Amortization	6,236
(Increase) in Interfund Receivable	(30)
(Increase) in Accounts Receivable	(22,522)
Decrease in Inventories	1,545
Increase in Accounts Payable	<u>24,520</u>
Total Adjustments	<u>9,749</u>
Net Cash (Used For) Operating Activities	<u>\$ (44,907)</u>

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

FIDUCIARY FUNDS

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 108,704	\$ 55,977
Total Assets	<u>\$ 108,704</u>	<u>\$ 55,977</u>
LIABILITIES		
Payable to Student Groups		\$ 47,746
Payroll Deductions and Withholdings		<u>8,231</u>
Total Liabilities		<u>\$ 55,977</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 108,704</u>	

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 19,177
Total Contributions	<u>19,177</u>
Investment Earnings:	
Interest	<u>270</u>
Net Investment Earnings	<u>270</u>
Total Additions	<u>19,447</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>20,977</u>
Total Deductions	<u>20,977</u>
Change in Net Position	<u>(1,530)</u>
Net Position—Beginning	<u>110,234</u>
Net Position—Ending	<u>\$ 108,704</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Chester School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, junior and senior high schools located in Chester, New Jersey. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

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

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non capital financing activities, or investing activities normally would not be reported as components of operating income.

The District's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating 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. The principal operating revenues of the District enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Fiduciary Fund Types (Continued)

Trust Funds: The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, The State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals or former employees. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

Agency Funds (Payroll, Payroll Agency, Student Activity, and Athletic Funds): The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund is an exception and does not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$85,283, were made during the year ended June 30, 2015. Appropriation of prior year encumbrances in the amount of \$191,346 were made during the year ended June 30, 2015. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. The over-expenditure in the General Fund is due to the inclusion of the nonbudgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. For the year ended June 30, 2015, there were no other expenditures that exceeded appropriations in the General Fund.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

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

The special revenue fund had no encumbrances June 30, 2015. This whole balance pertained to local grants. Open encumbrances in the special revenue fund are reflected in the balance sheet as unearned revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. 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 they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short – term Interfund Receivables/Payables

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

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

3. Receivables from other Governments

The following is an analysis of receivables from Federal and State Governments (See Schedule of Expenditures of Federal and State Financial Assistance, Schedule A and B for Analysis):

- A. Fund 10-State Aid-\$388,114
- B. Fund 20-Federal Aid \$189,888
- C. Fund 30 -NJ EDA-\$309,420
- D. Fund 60- Child Nutrition-\$3,758

4. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight - line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc.. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

6. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government only has one item that qualifies for reporting in this category. It is deferred charge on refunding of debt which results from the loss of debt refunding reported in the government-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note VIII)

8. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I (F) regarding the special revenue fund.

9. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

10. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Net Position/Fund Balance

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets-Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position- reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position- any portion of net position not already classified as either net investment in capital assets or net position-restricted.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Reserved Excess Surplus-Designated for Subsequent Year's Expenditures- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes. The District has \$474,706 restricted for this purpose at June 30, 2015.
- Reserved Excess Surplus- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes. The District has \$199,291 restricted for current year excess surplus at June 30, 2015.
- Capital Reserve- This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures. The District has \$2,852,965 restricted in the Capital Reserve Account at June 30, 2015.
- Maintenance Reserve- The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.18A:7G-9*) as amended by P.L. 2004, c. 73 (S1701). The District has \$1,011,503 restricted in the Maintenance Reserve Account at June 30, 2015.
- Capital Projects- Represents Fund Balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund. The Capital Projects Fund has \$217,980 restricted at June 30, 2015.
- Debt Service- Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund. The Debt Service Fund has \$21 restricted at June 30, 2015.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes.

- Year-End Encumbrances- Represents outstanding purchase orders for goods or service approved by management for specific purposes from available resources of the current year for which the goods and services have not yet been received or rendered at June 30.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" This statement will be effective for periods beginning with the year ending June 15, 2014. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", as well as the requirements of Statement No. 50, "Pension Disclosures." This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The District has implemented GASB 68, as of June 30, 2015.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date.*" The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The objective of this Statement is to address and issue regarding application of the transition provisions of Statement No. 68. The District has implemented GASB 71, as of June 30, 2015.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

I. Recent Accounting Pronouncements (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB 72, "*Fair Value Measurement and Application*", will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73, "*Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB 74, "*Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify- in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 full amount of their deposits to the Governmental Units.

At June 30, 2015, the Chester School District's cash and cash equivalents amounted to \$5,416,753. Of this amount, \$250,000 was covered by federal depository insurance (F.D.I.C.) and \$5,166,753 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2015 the Chester School District had no participation in the State of New Jersey Cash Management Fund..

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2015, none of the Chester School District's cash and cash equivalents of \$5,416,753 was exposed to custodial credit risk.

The District does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Chester School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2015

Interest Rate Risk: The District does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District did not have any investments at June 30, 2015.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. The District did not have any investments at June 30, 2015.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2015, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other</u> <u>Funds</u>	<u>Due to</u> <u>Other</u> <u>Funds</u>
General Fund	\$ 242,814	\$ 0.00
Special Revenue Fund		83,334
Capital Projects Fund		159,480
Enterprise Fund	<u>0.00</u>	<u>0.00</u>
	<u>\$242,814</u>	<u>\$242,814</u>

The General Fund made a cash advance to the Special Revenue Fund and Capital Projects Fund. Accordingly, an interfund accounts receivable and payable for \$242,814 was established between the funds.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning</u> <u>Balance</u> <u>(Restated)</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	919,384	-	919,384
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>919,384</u>	<u>-</u>	<u>919,384</u>
Land Improvements	1,091,564	4,714	-	1,096,278
Buildings and Improvements	35,631,777	-	-	35,631,777
Machinery and Equipment	1,680,193	3,869	-	1,684,062
Totals at Historical Cost	<u>38,403,534</u>	<u>8,583</u>	<u>-</u>	<u>38,412,117</u>
Less Accumulated Depreciation For:				
Land Improvements	(662,229)	(43,493)	-	(705,722)
Buildings and Improvements	(10,735,993)	(1,581,554)	-	(12,317,547)
Machinery and Equipment	(1,034,527)	(149,382)	-	(1,183,909)
Total Accumulated Depreciation	<u>(12,432,749)</u>	<u>(1,774,429)</u>	<u>-</u>	<u>(14,207,178)</u>
Net Capital Assets Being Depreciated	<u>25,970,785</u>	<u>(1,765,846)</u>	<u>-</u>	<u>24,204,939</u>
Governmental Activities Capital Assets, Net	<u>25,970,785</u>	<u>(846,462)</u>	<u>-</u>	<u>25,124,323</u>
Business - Type Activities:				
Equipment	125,211	50,694	-	175,905
Less Accumulated Depreciation	(79,470)	(6,236)	-	(85,706)
Business - Type Activities Capital Assets, Net	<u>\$ 45,741</u>	<u>\$ 44,458</u>	<u>\$ -</u>	<u>\$ 90,199</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 62,655
School Administrative Services	19,656
General and Business Administrative Services	1,658,410
Plant Operations and Maintenance	4,975
Pupil Transportation	28,733
	<u>1,774,429</u>

Construction in Progress

The Construction in Progress Category consists of recently completed Additions and Renovations to the Various Schools in the District during the current fiscal year. The amount will be allocated to the various categories in the next appraisal report effective for the year ended June 30, 2016.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

D. Construction Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Various Additions and Renovations to Bragg Elementary School	\$ 6,983,918	\$ 26,082
Various Additions and Renovations to Dickerson Elementary School	10,607,508	42,492
Various Additions and Renovations to Black River Middle School	5,067,969	22,031
Energy Performance Contract - Bragg School	846,891	11,295
Energy Performance Contract - Dickerson School	137,745	2,191
Energy Performance Contract - Black River Middle School	1,088,416	14,170
Door Replacement Project	84,458	85,642
Paving Project	84,182	818
Fiber Optic Project	98,280	1,720
Roof Replacement Project	167,221	<u>12,527</u>
		<u>\$ 218,968</u>

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note III: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers under operating leases which expire in 2018. Total operating lease payments made during the year ended June 30, 2015 were \$ 76,817. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2016	\$ 76,817
June 30, 2017	76,817
June 30, 2018	6,401
Total future minimum lease	<u>\$ 160,035</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Unamortized Premium	\$ 704,353.00	\$ -	\$ 44,511	\$ 659,842	\$ -
Lease Purchase Agreements				-	
Serial Bonds	<u>18,855,000</u>	<u>-</u>	<u>825,000</u>	<u>18,030,000</u>	<u>855,000</u>
Total Debt Payable	<u>19,559,353</u>	<u>-</u>	<u>869,511</u> (1)	<u>18,689,842</u>	<u>855,000</u>
Other Liabilities:					
Compensated Absences	606,483	49,867	38,203	618,147	-
Net Pension Liability		4,679,176		4,679,176	
Capital Leases	<u>140,000</u>	<u>274,460</u>	<u>139,717</u>	<u>274,743</u>	<u>137,415</u>
Total Other Liabilities	<u>746,483</u>	<u>5,003,503</u>	<u>177,920</u> (2)	<u>5,572,066</u>	<u>137,415</u>
Governmental Activities					
Long - Term Liabilities	<u>\$ 20,305,836</u>	<u>\$ 5,003,503</u>	<u>\$ 1,047,431</u>	<u>\$ 24,261,908</u>	<u>\$ 992,415</u>

(1) \$825,000.00 School Bonds Paid by Debt Service Fund.

(2) Paid by General Fund

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

Serial Bonds outstanding as of June 30, 2015 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Refunding Bonds	Various	9/1	9/1/17	\$ 5,195,000	\$ 1,635,000
Refunding Bonds	Various	3/1	3/1/35	8,505,000	8,320,000
Refunding Bonds	Various	3/1	3/1/30	8,250,000	<u>8,075,000</u>
					<u>\$18,030,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 855,000	\$ 562,962	\$1,417,962
2017	870,000	532,150	1,402,150
2018	900,000	500,500	1,400,500
2019	675,000	479,000	1,154,000
2020	705,000	458,750	1,163,750
2021	720,000	437,600	1,157,600
2022	745,000	415,750	1,160,750
2023	35,000	393,150	1,128,150
2024	770,000	371,275	1,141,275
2025	785,000	354,230	1,139,230
2026	820,000	336,480	1,156,480
2027	845,000	317,550	1,162,550
2028	885,000	284,350	1,169,350
2029	935,000	249,550	1,184,550
2030	980,000	212,750	1,192,750
2031	1,070,000	174,150	1,244,150
2032	1,115,000	142,050	1,257,050
2033	1,160,000	108,600	1,268,600
2034	1,205,000	73,800	1,278,800
2035	<u>1,255,000</u>	<u>37,650</u>	<u>1,292,650</u>
	<u>\$18,030,000</u>	<u>\$6,442,298</u>	<u>\$24,472,298</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

2. Bonds Authorized But Not Issued

As of June 30, 2015 the Board had authorized but not issued bonds in the amount of \$988.

3. Capital Leases Payable

The District is leasing technology equipment totaling \$540,371 under capital leases. All capital leases are for terms of five to seven years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015

<u>Year</u>	<u>Amount</u>
2016	\$139,933
2017	69,933
2018	<u>69,934</u>
Total Minimum Lease Payments	279,800
Less: Amount Representing Interest	<u>(5,057)</u>
Present Value of Net Minimum Lease Payments	<u>\$274,743</u>

The Assets acquired through various capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and Equipment	\$ 944,751
Less: Accumulated Depreciation	<u>478,646.</u>
Total	<u>\$466,105</u>

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

4. Refunding Bonds Payable

Refunding bonds in the amount of \$5,195,000 were issued on August 1, 2004. The purpose of the Bonds were to (i) advance refund all of the \$4,950,000 aggregate principal amount of School Bonds of the Board dated September 1, 1997 originally issued in the principal amount of \$8,400,000 maturing on or after September 1, 2008 (the “Refunded Bonds”) and callable on or after September 1, 2007 (the “Redemption Date”) at 100% of par (the “Redemption Price”) plus unpaid accrued interest to the Redemption Date and (ii) pay the costs of issuance associated with the Bonds. There is no outstanding principal of the defeased debt at June 30, 2014.

On December 12, 2012, the District issued \$8,505,000 in School District Refunding Bonds having and interest rate of 2.00% to 3.00%. On January 15, 2013, the District issued \$8,250,000 in School District Bonds having an interest rate of 2.00% to 4.00%.

The purpose of the \$8,505,000 Bonds issued was to (i) advance refund a portion of the outstanding callable principal amount of the originally issued \$17,230,000 School Bonds of the Board dated March 1, 2005 and maturing on or after March 1, 2016 through and including March 1, 2020 and the term bond maturing March 1, 2035 (collectively the “Refunding Bonds”) at par plus any plus unpaid accrued interest to March 1, 2015, the Redemption Date; and (ii) pay the costs of issuance associated with the Bonds.

The purpose of the \$8,250,000 Bonds issued was to (i) advance refund a portion of the outstanding callable principal amount of the originally issued \$17,230,000 School Bonds of the Board dated March 1, 2005 and maturing on or after March 1, 2021 through and including March 1, 2030, in the total principal amount of \$7,930,000 (the “Refunded Bonds”) at par on March 1, 2015, (the Redemption Date) plus any unpaid accrued interest to the Redemption Date; and (ii) pay the costs of issuance with respect to the Bonds.

There is no outstanding principal of the defeased debt at June 30, 2015.

Note IV: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2015 is \$673,997. The reserved fund balance of \$474,706 has been appropriated in the fiscal year 2015-2016 and \$199,291 will be appropriated in the fiscal year 2016-2017.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account-Restricted

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A 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 outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. Funds withdrawn from the account must be included in the annual budget certified for taxes as a revenue labeled "Withdrawal from Capital Reserve".

Increases in the account from sources other than investment income cannot exceed the amount appropriated in the annual budget certified for taxes as an increase in the capital reserve account.

During fiscal year 2001 the Board passed a resolution for the establishment of a capital reserve account. The 2002 certified budget included an increase in the capital reserve account of \$399,009; comprised of a \$399,009 voter approved transfer from unreserved fund balance.

The 2002-2003 certified budget included an increase in the capital reserve account of \$400,000 comprised of \$400,000 voter approved transfer from unreserved fund balance. In 2003-2003 the Board passed a resolution transferring \$432,202 from the capital reserve to the Capital Projects Fund for the local share of EDA projects.

The 2003-2007 certified budget included an increase in the capital reserve account of \$409,000 comprised of \$400,000 voter approved transfer from unreserved fund balance and \$9,000 of investment earnings. In 2003-2004 \$78,375 was transferred in to Capital Reserve. This represented unexpended local share monies from approved EDA projects.

In 2005-2006 the Board passed a resolution transferring \$500,000 from the Capital Reserve to the Capital Projects Fund for the local share of EDA project.

The 2006-2007 certified budget included an increase in the Capital Reserve account of \$259,000 comprised of \$250,000 voter approved transfer from unreserved fund balance and \$9,000 of investment earnings.

The 2007-2008 certified budget included an increase in the Capital Reserve account of \$315,000 comprised of \$300,000 voter approved transfer from unreserved fund balance and \$15,000 of investment earnings.

The 2008-2009 certified budget included an increase in the Capital Reserve account comprised of \$15,000 of investment earnings.

The 2009-2010 certified budget included an increase in the Capital Reserve account comprised of \$20,000 of investment earnings. The 2009-2010 also included a withdrawal from Capital Reserve of \$285,000 from the capital reserve for excess Costs and Other Capital Projects.

The 2010-2011 certified budget included an increase in the capital reserve account of \$20,000 comprised of investment earnings. The 2010-2011 budget also included a withdrawal from Capital Reserve of \$100,000 for excess Costs and Other Capital Projects. Resolutions were also passed to transfer and additional \$179,748 to the Capital Projects Fund for a Roofing Project, and to transfer \$500,000 from unreserved fund balance to capital reserve.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account Restricted (Continued)

The 2011-2012 certified budget included an increase in the capital reserve account of \$10,000 comprised of investment earnings. A resolution was also passed to transfer \$500,000 from unassigned fund balance to capital reserve.

The 2012-2013 certified budget included an increase in the capital reserve account of \$10,000 comprised of investment earnings. A resolution was also passed to transfer \$500,000 from unassigned fund balance to capital reserve.

The 2013-2014 certified budget included an increase in the capital reserve account of \$7,000 comprised of investment earnings. A resolution was also passed to transfer \$600,000 from unassigned fund balance to capital reserve.

The 2014-2015 certified budget included an increase in the capital reserve account of \$4,200 comprised of investment earnings. A resolution was also passed to transfer \$800,000 from unassigned fund balance to capital reserve.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$2,210,532
Withdrawal from Capital Reserve	(161,761)
Interest Earnings	4,194
Transfer from Unassigned Fund Balance	<u>800,000</u>
Ending Balance June 30, 2015	<u>\$ 2,852,965</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$40,114,000.

C. Maintenance Reserve Account-Restricted

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities project, districts are required to submit a plan for the maintenance of that facility. As of June 30, 2015, the District has reserved \$1,011,503 for maintenance.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.html.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies-

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflow or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$46,465,184 as measured on June 30, 2014 and \$46,228,470 as measured on June 30, 2013.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-(Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$2,500,263 and revenue of \$2,500,263 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/13</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources		\$2,306,623,861
Collective Deferred Inflows of Resources		1,763,205,593
Collective Net Pension Liability (Nonemployer-State of NJ)	\$50,539,213,484	53,446,745,367
State's Portion of the Net Pension Liability that was associated with the District	46,228,470	46,465,184.
State's Portion of the Net Pension Liability that was associated with the District as a percentage of the Collective Net Pension Liability	0.0914704967%	0.0869373492%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.5%
Salary Increases	Varies based on experience
Investment Rate of Return	7.90%

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Fixed Income	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Discount Rate

The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension Plan Fiduciary Net Position

Information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies-

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

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

At June 30, 2015, the District reported a liability of \$4,679,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.02499%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$241,632. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	\$148,139	
Net difference between Projected and Actual Earnings on Pension Plan Investments		\$280,750
Changes in proportion and differences between District Contributions and Proportionate Share of Contributions		
District Contributions Subsequent to the Measurement Date	<u>206,030</u>	<u>0</u>
Total	<u>\$354,169</u>	<u>\$280,750</u>

\$206,030.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net position liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2015	(\$42,956)
2016	(42,956)
2017	(42,956)
2018	(42,956)
2019	27,231
Thereafter	<u>11,982</u>
Total	<u>(\$132,611)</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

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

	<u>6/30/13</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources		\$ 952,194,675
Collective Deferred Inflows of Resources		1,479,224,662
Collective Net Pension Liability (Non-State-Local Group)	\$19,111,986,911	18,722,735,003
District's Portion of Net Pension Liability	4,780,155	4,679,176
District's Proportion %	0.02501129511%	0.000249919462%

Actuarial Assumptions

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases:	
2012-2013	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Sensitivity of the Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's proportionate share of the net pension liability	\$5,886,563	\$4,679,176	\$3,665,278

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, "P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system: however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% or related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members'

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the PERS operates and to the benefit provisions. New members of the PERS hire on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. The eligibility age to qualify for service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. Employees are required to contribute a certain percentage of the cost of health benefits. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability from a level percent of pay method to level dollar of pay.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.50 percent for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. For TPAF employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, member contributions are matched by a 3% employer contribution.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2015 was \$12,312,128 and covered payroll was \$9,136,290 for TPAF and \$1,795,435 for PERS. Contributions to the TPAF and the PERS for the year ended June 30, 2014 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

			Percent of Covered		Percent of Covered
		<u>TPAF</u>	<u>Payroll</u>	<u>PERS</u>	<u>Payroll</u>
Employees	6/30/13	585,191	6.73%	117,191	6.87%
	6/30/14	613,612	6.85%	120,594	6.89%
	6/30/15	634,243	6.94%	126,429	7.05%
Board of Education	6/30/13	N/A	N/A	200,376	11.75%
	6/30/14	N/A	N/A	188,455	10.76%
	6/30/15	N/A	N/A	206,030	11.47%
State of New Jersey	6/30/13	1,259,359	14.48%	N/A	N/A
	6/30/14	970,803	10.83%	N/A	N/A
	6/30/15	1,215,390	13.30%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$665,298 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB No. 68.

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans* are not applicable for the District.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note VI: Post-Retirement Medical Benefits (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2014, 2013 and 2012 were \$1,218,315, \$1,227,346, and \$1,024,674, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

Note VII: Risk Management

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

The District is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium. (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Chester School District continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note VII: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 0.00	\$19,177	\$20,977	\$108,704
2013-2014	0.00	18,829	17,475	110,234
2012-2013	0.00	18,125	36,445	108,613
2011-2012	0.00	18,683	19,061	126,431

Note VIII: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

Note IX: Contingent Liabilities

The Chester School District is a defendant in a few lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note X: Subsequent Events

The Chester School District’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through December 15, 2015.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(CONTINUED)

Note XI: Retroactive Restatement of Net Position

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014, the restatement adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Also, as an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2015. The appraisal revealed asset activity that should have been recorded as of June 30, 2014. Accordingly, a restatement of Net Position as of June 30, 2014 was necessary.

Governmental Activities Net Position

Net Position (per A-1), June 30, 2014	\$27,042,607
Restatement of Capital Assets	(14,948,067)
Restatement of Net Pension Liability	(4,780,155)
Restatement of Deferred Outflows-Pension	<u>210,000</u>
Net Position (per A-1), June 30, 2014, as Restated	<u>\$7,524,385</u>

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and the special revenue funds.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,609,553	\$ -	\$ 19,609,553	\$ 19,609,553	\$ -
Tuition	180,000	-	180,000	249,521	69,521
Rentals and Royalties	35,000	-	35,000	39,795	4,795
Interest Earned on Investments	12,000	-	12,000	11,776	(224)
Interest Earned on Capital Reserve Funds	4,200	-	4,200	4,193	(7)
Miscellaneous	45,000	-	45,000	66,363	21,363
Total - Local Sources	<u>19,885,753</u>	<u>-</u>	<u>19,885,753</u>	<u>19,981,201</u>	<u>95,448</u>
State Sources:					
Categorical Special Education Aid	839,955	-	839,955	839,955	-
Categorical Security Aid	61,450	-	61,450	61,450	-
Categorical Transportation Aid	105,537	-	105,537	105,537	-
Additional Adjustment Aid	10,550	-	10,550	10,550	-
PARCC Readiness Aid	11,430	-	11,430	11,430	-
Per Pupil Growth Aid	11,430	-	11,430	11,430	-
Non-Public Transportation Aid	-	-	-	19,355	19,355
Extraordinary Aid	80,000	-	80,000	237,343	157,343
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	745,674	745,674
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	469,716	469,716
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	665,298	665,298
Total State Sources	<u>1,120,352</u>	<u>-</u>	<u>1,120,352</u>	<u>3,177,738</u>	<u>2,057,386</u>
Total Revenues	<u>21,006,105</u>	<u>-</u>	<u>21,006,105</u>	<u>23,158,939</u>	<u>2,152,834</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 382,101	\$ 2,350	\$ 384,451	\$ 384,451
Grades 1-5 - Salaries of Teachers	120-100-101	2,813,005	(11,313)	2,801,692	2,761,649
Grades 6-8 - Salaries of Teachers	130-100-101	2,541,788	8,454	2,550,242	2,549,430
Regular Programs - Home Instruction:					
Salaries of Teachers	150-100-101	5,000	(2,510)	2,490	1,878
Purchased Professional-Educational Services	150-100-320	7,000	2,510	9,510	9,510
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	190-100-500	218,000	-	218,000	213,159
General Supplies	190-100-610	271,931	42,186	314,117	273,492
Textbooks	190-100-640	87,200	(16,815)	70,385	67,477
Other Objects	190-100-800	22,165	591	22,756	20,856
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>6,348,190</u>	<u>25,453</u>	<u>6,373,643</u>	<u>6,281,902</u>
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	212-100-101	113,414	-	113,414	112,565
Salaries of Teachers	212-100-106	57,126	9,405	66,531	66,372
General Supplies	212-100-610	2,834	1	2,835	2,405
Total Multiple Disabilities		<u>173,374</u>	<u>9,406</u>	<u>182,780</u>	<u>181,342</u>
Resource Room/Resource Center:					
Salaries of Teachers	213-100-101	1,195,204	17,181	1,212,385	1,212,307
Other Salaries for Instruction	213-100-106	293,352	45,037	338,389	325,435
General Supplies	213-100-610	14,453	-	14,453	11,765
Total Resource Room/Resource Center		<u>1,503,009</u>	<u>62,218</u>	<u>1,565,227</u>	<u>1,549,507</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	215-100-101	54,330	11,273	65,603	65,485
Other Salaries for Instruction	215-100-106	83,271	11,333	94,604	84,897
General Supplies	215-100-610	1,607	-	1,607	1,564
Total Preschool Disabilities - Part-Time		<u>139,208</u>	<u>22,606</u>	<u>161,814</u>	<u>151,946</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION		<u>1,815,591</u>	<u>94,230</u>	<u>1,909,821</u>	<u>1,882,795</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	230-100-101	290,990	-	290,990	259,704
General Supplies	230-100-610	2,110	114	2,224	2,216
Total Basic Skills/Remedial - Instruction		<u>293,100</u>	<u>114</u>	<u>293,214</u>	<u>261,920</u>
Bilingual Education - Instruction					
Salaries of Teachers	240-100-101	135,197	-	135,197	134,197
General Supplies	240-100-610	7,587	-	7,587	4,617
Total Bilingual Education - Instruction		<u>142,784</u>	<u>-</u>	<u>142,784</u>	<u>138,814</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	401-100-100	62,027	2,323	64,350	64,350
Supplies and Materials	401-100-600	15,700	(2,323)	13,377	6,856
Total School-Spon. Cocurricular Actvts. - Inst.		<u>77,727</u>	<u>-</u>	<u>77,727</u>	<u>71,206</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
Other Instructional Programs - Instruction						
Salaries	402-100-100	\$ 46,438	\$ (1,291)	\$ 45,147	\$ 45,147	\$ -
Purchased Services (300-500 series)	402-100-500	6,600	(630)	5,970	5,970	-
Supplies and Materials	402-100-600	11,293	845	12,138	11,837	301
Other Objects	402-100-800	1,000	1,443	2,443	1,678	765
Total Other Instructional Programs - Instruction		65,331	367	65,698	64,632	1,066
Total Instruction		8,742,723	120,162	8,862,885	8,701,269	161,616
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	000-100-562	124,000	(16,067)	107,933	1,000	106,933
Tuition to CSSD & Regional Day Schools	000-100-565	55,000	(50,114)	4,886	-	4,886
Tuition to Private Schools for the Disabled - Within State	000-100-566	632,904	19,485	652,389	636,553	15,836
Total Undistributed Expenditures - Instruction:		811,904	(46,696)	765,208	637,553	127,655
Undist. Expend. - Health Services						
Salaries	000-213-100	196,820	8,288	205,108	204,108	1,000
Purchased Professional and Technical Services	000-213-300	20,200	(1,591)	18,609	18,169	440
Supplies and Materials	000-213-600	14,040	4,335	18,375	18,360	15
Total Undistributed Expenditures - Health Services		231,060	11,032	242,092	240,637	1,455
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries of Other Professional Staff	000-216-100	277,963	14,711	292,674	289,874	2,800
Purchased Professional - Educational Services	000-216-320	326,950	(63,234)	263,716	148,971	114,745
Supplies and Materials	000-216-600	2,407	-	2,407	2,009	398
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.		607,320	(48,523)	558,797	440,854	117,943
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Purchased Professional - Educational Services	000-217-320	262,000	-	262,000	157,851	104,149
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		262,000	-	262,000	157,851	104,149
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	181,011	2,787	183,798	181,734	2,064
Salaries of Secretarial and Clerical Assistants	000-218-105	66,409	-	66,409	66,409	-
Supplies and Materials	000-218-600	3,346	-	3,346	1,826	1,520
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		250,766	2,787	253,553	249,969	3,584
Undist. Expend. - Other Supp. Serv. Students-Special						
Salaries of Other Professional Staff	000-219-104	401,617	-	401,617	381,555	20,062
Salaries of Secretarial and Clerical Assistants	000-219-105	50,252	-	50,252	50,252	-
Other Salaries	000-219-110	3,000	(1,440)	1,560	1,087	493
Purchased Professional - Educational Services	000-219-320	25,500	(2,854)	22,646	20,908	1,738
Supplies and Materials	000-219-600	13,204	1,793	14,997	14,997	-
Other Objects	000-219-800	12,271	(454)	11,817	11,010	807
Total Undist. Expend. - Other Supp. Serv. Students-Spl.		505,844	(2,955)	502,889	479,789	23,100
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Supervisor of Instruction	000-221-102	54,621	161	54,782	54,782	-
Salaries of Other Professional Staff	000-221-104	15,000	900	15,900	15,900	-
Salaries of Secr and Clerical Assist.	000-221-105	35,172	2,422	37,594	36,463	1,131
Other Salaries	000-221-110	18,360	(161)	18,199	15,300	2,899
Salary- Math Coach	000-221-176	61,384	-	61,384	61,384	-
Supplies and Materials	000-221-600	2,000	(731)	1,269	1,269	-
Total Undist. Expend. - Improvement of Inst. Serv.		186,537	2,591	189,128	185,098	4,030
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	131,297	-	131,297	130,414	883
Tech Coord Salaries	000-222-177	31,468	-	31,468	31,468	-
Other Purchased Services (400-500 series)	000-222-500	115,452	-	115,452	115,452	-
Supplies and Materials	000-222-600	18,735	-	18,735	17,871	864
Total Undist. Expend. - Edu. Media Serv./Sch. Library		296,952	-	296,952	295,205	1,747
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	17,250	(533)	16,717	16,257	460
Other Purchased Services (400-500 series)	000-223-500	21,400	3,201	24,601	24,240	361
Total Undist. Expend. - Instructional Staff Training Serv.		38,650	2,668	41,318	40,497	821
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	188,526	1,815	190,341	189,818	523
Legal Services	000-230-331	40,000	(4,138)	35,862	32,341	3,521
Auditing Services	000-230-332	17,500	200	17,700	17,700	-
Other Purchased Professional Services	000-230-339	4,500	10,088	14,588	14,100	488
Communications/Telephone	000-230-530	64,200	27,730	91,930	66,171	25,759
Other Purchased Services (400-500 series)	000-230-590	78,590	3,812	82,402	82,288	114
Total Undist. Expend. - Supp. Serv. - General Admin.		393,316	39,507	432,823	402,418	30,405
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	596,390	38,975	635,365	615,333	20,032
Salaries of Other Professional Staff	000-240-104	193,457	15,000	208,457	196,849	11,608
Purchased Professional and Technical Services	000-240-300	21,000	(18,975)	2,025	-	2,025
Supplies and Materials	000-240-600	11,482	6,000	17,482	10,654	6,828
Other Objects	000-240-800	6,000	4,000	10,000	6,200	3,800
Total Undist. Expend. - Support Serv. - School Admin.		828,329	45,000	873,329	829,036	44,293
Undist. Expend. - Central School Admin.						
Salaries	000-251-100	260,001	(921)	259,080	254,141	4,939
Other Purchased Services (400-500 series)	000-251-592	29,812	1,843	31,655	31,655	-
Total Undist. Expend. - Central School Admin.		289,813	922	290,735	285,796	4,939
Undist. Expend. - Technology Admin.						
Other Purchased Services (400-500 series)	000-252-500	72,895	6,275	79,170	79,170	-
General Supplies	000-252-600	70,200	35,803	106,003	101,019	4,984
		143,095	42,078	185,173	180,189	4,984

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
Undist. Expend. - Required Maint. for Sch. Facil.						
Cleaning, Repair and Maintenance Services	000-261-420	\$ 278,300	\$ 28,103	\$ 306,403	\$ 294,253	\$ 12,150
General Supplies	000-261-610	16,800	(7,363)	9,437	7,400	2,037
Total Undist. Expend. - Required Maint. for Sch. Facil.		<u>295,100</u>	<u>20,740</u>	<u>315,840</u>	<u>301,653</u>	<u>14,187</u>
Undist. Expend. - Custodial Services						
Salaries	000-262-100	734,819	(6,803)	728,016	722,189	5,827
Salaries of Non-Instructional Aides	000-262-107	26,003	-	26,003	24,517	1,486
Cleaning, Repair and Maintenance Services	000-262-420	28,200	-	28,200	27,072	1,128
Rental of Land and Building, Other Than Lease Purchase Agreement	000-262-441	74,042	-	74,042	74,042	-
Insurance	000-262-520	98,200	(1,907)	96,293	95,029	1,264
General Supplies	000-262-610	82,577	18,998	101,575	99,126	2,449
Energy (Natural Gas)	000-262-621	117,000	-	117,000	94,822	22,178
Energy (Electricity)	000-262-622	322,740	(21,588)	301,152	199,839	101,313
Other Objects	000-262-800	42,100	4,439	46,539	41,901	4,638
Total Undist. Expend. - Custodial Services		<u>1,525,681</u>	<u>(6,861)</u>	<u>1,518,820</u>	<u>1,378,537</u>	<u>140,283</u>
Undist. Expend. - Care & Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	125,000	18,940	143,940	141,940	2,000
Total Care and Upkeep of Grounds		<u>125,000</u>	<u>18,940</u>	<u>143,940</u>	<u>141,940</u>	<u>2,000</u>
Undist. Expend. - Security						
Purchased Professional and Technical Services	000-266-300	1,200	2,047	3,247	3,247	-
General Supplies	000-266-610	5,720	(400)	5,320	4,370	950
Total Security		<u>6,920</u>	<u>1,647</u>	<u>8,567</u>	<u>7,617</u>	<u>950</u>
Undist. Expend. - Student Transportation Serv.						
Salaries of Non-Instructional Aides	000-270-107	\$ 110,240	12,027.00	\$ 122,267	\$ 122,267	-
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	89,483	7,961	97,444	97,444	-
Salaries for Pupil Trans. (Between Home & School) - Spec. Ed.	000-270-161	38,491	2,210	40,701	40,701	-
Management Fees - ESC & CTSA Transportation Programs	000-270-350	9,000	-	9,000	8,204	796
Cleaning, Repair and Maintenance Services	000-270-420	13,900	(1,926)	11,974	11,653	321
Rental Payments - School Buses	000-270-442	1,800	-	1,800	1,526	274
Contracted Services (Between Home and School) - Vendors	000-270-511	799,000	(2,210)	796,790	793,296	3,494
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	13,600	(1,172)	12,428	11,133	1,295
Contracted Services (Special Education Students) - Vendors	000-270-514	210,000	21,157	231,157	231,157	-
Contracted Services (Special Education Students) - Joint Agreements	000-270-515	110,000	-	110,000	107,988	2,012
Contracted Services - Aid in Lieu of Payments-Non Public Schools	000-270-503	55,000	(18,390)	36,610	35,802	808
Transportation Supplies	000-270-615	25,600	3,098	28,698	27,352	1,306
Total Undist. Expend. - Student Transportation Serv.		<u>1,476,114</u>	<u>22,755</u>	<u>1,498,869</u>	<u>1,488,563</u>	<u>10,306</u>
ALLOCATED BENEFITS						
Preschool/Kindergarten - Salaries of Teachers	110-100-270	101,701	(2,772)	98,929	87,386	11,543
Grades 1-5 - Salaries of Teachers	120-100-270	716,635	(35,000)	681,635	631,396	50,239
Grades 6-8 - Salaries of Teachers	130-100-270	664,338	(49,918)	614,420	585,998	28,422
Special Education - Multiple Disabilities	212-100-270	46,287	-	46,287	38,150	8,137
Special Education - Resource Room	213-100-270	394,521	(45,706)	348,815	332,952	15,863
Special Education - Preschool Disabilities	215-100-270	34,555	-	34,555	31,435	3,120
Basic Skills	230-100-270	78,064	(114)	77,950	74,176	3,774
Bilingual Education	240-100-270	36,269	-	36,269	33,698	2,571
Health Services	000-213-270	53,337	(1,351)	51,986	49,311	2,675
Other Support Services - Related Services	000-216-270	74,569	-	74,569	61,926	12,643
Other Support Services - Regular	000-218-270	61,576	-	61,576	54,571	7,005
Other Support Services - Special	000-219-270	121,222	(5,984)	115,238	109,050	6,188
Improvement of Instructional Services	000-221-270	37,600	(1,341)	36,259	35,373	886
Media Services	000-222-270	43,587	(1,227)	42,360	41,560	800
General Administration	000-230-270	48,309	-	48,309	46,243	2,066
School Administration	000-240-270	211,707	-	211,707	191,695	20,012
Central services	000-251-270	74,428	-	74,428	58,308	16,120
Operation and Maintenance of Plant	000-260-270	183,123	(16,386)	166,737	157,931	8,806
Pupil Transportation	000-270-270	63,270	-	63,270	61,710	1,560
TOTAL ALLOCATED BENEFITS		<u>3,045,098</u>	<u>(159,799)</u>	<u>2,885,299</u>	<u>2,682,869</u>	<u>202,430</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	235,418	-	235,418	235,261	157
Other Retirement Contributions - Regular	000-291-241	250,441	(20,000)	230,441	216,282	14,159
Workmen's Compensation	000-291-260	110,000	(14,137)	95,863	90,043	5,820
Health Benefits	000-291-270	9,000	-	9,000	7,284	1,716
Tuition Reimbursement	000-291-280	40,000	-	40,000	11,921	28,079
Other Employee Benefits	000-291-290	221,472	11,087	232,559	232,559	-
TOTAL UNALLOCATED BENEFITS		<u>866,331</u>	<u>(23,050)</u>	<u>843,281</u>	<u>793,350</u>	<u>49,931</u>
TPAF PRM (On-Behalf - Non-Budgeted)					745,674	(745,674)
On-behalf TPAF pension Contributions (non-budgeted)					469,716	(469,716)
Reimbursed TPAF Social Security Contributions (non-budgeted)					665,298	(665,298)
TOTAL ON-BEHALF CONTRIBUTIONS					<u>1,880,688</u>	<u>(1,880,688)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>3,911,429</u>	<u>(182,849)</u>	<u>3,728,580</u>	<u>5,356,907</u>	<u>(1,628,327)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>12,185,830</u>	<u>(77,217)</u>	<u>12,108,613</u>	<u>13,100,109</u>	<u>(991,496)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>20,928,553</u>	<u>42,945</u>	<u>20,971,498</u>	<u>21,801,376</u>	<u>(829,880)</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2015
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction:						
Grades 1-5	120-100-730	\$ 18,500	\$ -	\$ 18,500	\$ 18,495	\$ 5
Special Education - Instruction:						
Undistributed Expenditures - Custodial Services	000-262-730	5,000	62,529	67,529	12,078	55,451
Total Equipment		<u>23,500</u>	<u>62,529</u>	<u>86,029</u>	<u>30,573</u>	<u>55,456</u>
Facilities Acquisition and Construction Services						
Construction Services	000-400-450	307,490	189,772	497,262	461,173	36,089
Assessment not Debt Service on SDA Funding	000-400-896	58,458	-	58,458	58,458	-
Total Facilities Acquisition and Construction Services		<u>365,948</u>	<u>189,772</u>	<u>555,720</u>	<u>519,631</u>	<u>36,089</u>
Assets Acquired Under Capital Leases (non-budgeted)						
Undistributed Expenditures:						
General Administration		-	-	-	274,460	(274,460)
Assets Acquired Under Capital Leases (non-budgeted)		-	-	-	274,460	(274,460)
TOTAL CAPITAL OUTLAY		<u>389,448</u>	<u>252,301</u>	<u>641,749</u>	<u>824,664</u>	<u>(182,915)</u>
SPECIAL SCHOOLS						
Summer School - Developmental						
Salaries of Teachers	422-100-101	124,846	7,934	132,780	132,780	-
Purchased Professional and Technical Services	422-100-300	21,600	(8,083)	13,517	8,614	4,903
General Supplies	422-100-610	2,000	149	2,149	2,149	-
Total Summer School - Developmental		<u>148,446</u>	<u>-</u>	<u>148,446</u>	<u>143,543</u>	<u>4,903</u>
Total Summer School		<u>148,446</u>	<u>-</u>	<u>148,446</u>	<u>143,543</u>	<u>4,903</u>
TOTAL SPECIAL SCHOOLS		<u>148,446</u>	<u>-</u>	<u>148,446</u>	<u>143,543</u>	<u>4,903</u>
Transfer of Funds to Charter Schools	000-100-56X	70,000	(367)	69,633	-	69,633
TOTAL EXPENDITURES		<u>21,536,447</u>	<u>294,879</u>	<u>21,831,326</u>	<u>22,769,585</u>	<u>(938,259)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(530,342)	(294,879)	(825,221)	389,354	1,214,575
Other Financing Sources:						
Operating Transfer Out:						
Capital Reserve - Transfer to Capital Projects Fund		(350,850)	189,089	(161,761)	(161,761)	-
Capital Leases (non-budgeted)		-	-	-	274,460	274,460
Total Other Financing Sources		<u>(350,850)</u>	<u>189,089</u>	<u>(161,761)</u>	<u>112,699</u>	<u>274,460</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)		(881,192)	(105,790)	(986,982)	502,053	1,489,035
Fund Balance, July 1		<u>4,780,457</u>	<u>-</u>	<u>4,780,457</u>	<u>4,780,457</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 3,899,265</u>	<u>\$ (105,790)</u>	<u>\$ 3,793,475</u>	<u>\$ 5,282,510</u>	<u>\$ 1,489,035</u>
Recapitulation of Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses):						
Increase in Capital Reserve		\$ 4,200	\$ -	\$ 4,200	\$ 804,193	\$ 799,993
Increase in Maintenance Reserve					300,000	300,000
Withdrawal from Maintenance Reserve			(18,250)	(18,250)	(18,250)	-
Withdrawal from Capital Reserve		(350,850)	189,089	(161,761)	(161,761)	-
Adjustment for Prior Year Encumbrances		-	(191,346)	(191,346)	(191,346)	-
Budgeted Fund Balance		<u>(534,542)</u>	<u>(85,283)</u>	<u>(619,825)</u>	<u>(230,783)</u>	<u>389,042</u>
Total		<u>\$ (881,192)</u>	<u>\$ (105,790)</u>	<u>\$ (986,982)</u>	<u>\$ 502,053</u>	<u>\$ 1,489,035</u>
Analysis of Fund Balance June 30, 2015:						
Assigned Fund Balance:						
Encumbrances					\$ 151,823	
Restricted Fund Balance:						
Excess Surplus-Current Year					199,291	
Excess Surplus - Designated for Subsequent Year's Expenditures					474,706	
Capital Reserve Account					2,852,965	
Maintenance Reserve Account					1,011,503	
Unassigned Fund Balance					<u>592,222</u>	
					<u>\$ 5,282,510</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2015					\$ 5,282,510	
Last Current Year State Aid Payment Not Realized on GAAP Basis					<u>(98,184)</u>	
					<u>\$ 5,184,326</u>	

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 81,705	\$ 516	\$ 82,221	\$ 74,430	\$ (7,791)
Federal Sources	313,295	161,052	474,347	391,307	(83,040)
Local Sources	<u>72,000</u>	<u>(18,764)</u>	<u>53,236</u>	<u>37,900</u>	<u>(15,336)</u>
Total Revenues	<u>467,000</u>	<u>142,804</u>	<u>609,804</u>	<u>503,637</u>	<u>(106,167)</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	34,541	6,359	40,900	40,900	-
Purchased Professional and Technical Services	66,300	141,919	208,219	200,180	8,039
Other Purchased Services (400-500 series)	85,000	(85,000)	-	-	-
General Supplies	<u>94,382</u>	<u>60,101</u>	<u>154,483</u>	<u>56,732</u>	<u>97,751</u>
Total Instruction	<u>280,223</u>	<u>123,379</u>	<u>403,602</u>	<u>317,772</u>	<u>85,830</u>
Support Services					
Personal Services - Employee Benefits	3,444	2,549	5,993	5,993	-
Purchased Professional and Technical Services		134,252	134,252	129,252	5,000
Purchased Professional - Educational Services	102,000	(102,000)	-	-	-
Other Purchased Services (400-500 series)	1,700	300	2,000	2,000	-
Supplies & Materials	7,633	56,323	63,956	48,620	15,336
Other Objects	<u>72,000</u>	<u>(72,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>186,777</u>	<u>19,424</u>	<u>206,201</u>	<u>185,865</u>	<u>20,336</u>
Total Expenditures	<u>467,000</u>	<u>142,803</u>	<u>609,803</u>	<u>503,637</u>	<u>106,166</u>
Total Outflows	<u>\$ 467,000</u>	<u>\$ 142,803</u>	<u>\$ 609,803</u>	<u>\$ 503,637</u>	<u>\$ 106,166</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 23,158,939	\$ 503,637
Difference - budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.	(2,286)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>-</u>	<u>200</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 23,156,653</u>	<u>\$ 503,837</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 22,769,585	\$ 503,637
Differences - budget to GAAP		
Encumbrances for supplies and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>-</u>	<u>200</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 22,769,585</u>	<u>\$ 503,837</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Teachers' Pension and Annuity Fund (TPAF)									
District's Proportion of the Net Pension Liability (Asset)**	N/A	N/A								
District's Proportionate Share of the Net Pension Liability (Asset)**	N/A	N/A								
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	46,465,184	46,228,470								
Total	\$ 46,465,184	\$ 46,228,470								
District's Covered Employee Payroll	\$ 8,960,972.00	\$ 8,694,542.00								
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%								

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the District.

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Public Employees Retirement System (PERS)									
District's Proportion of the Net Pension Liability (Asset)	0.0249900%	0.0250100%								
District's Proportionate Share of the Net Pension Liability (Asset)	4,679,176.00	4,780,155.00								
District's Covered Employee Payroll	1,750,864.00	1,705,170.00								
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	267.25%	280.33%								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Local)	52.08%	48.72%								

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of District Contributions
Last Ten Fiscal Years*

	Teachers' Pension and Annuity Fund (TPAF)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually Required Contribution**	N/A	N/A								
Contributions in Relation to the Contractually Required Contribution	N/A	N/A								
Contribution Deficiency (excess)	N/A	N/A								
District's Covered Employee Payroll	\$ 8,960,972.00	\$ 8,694,542.00								
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A								

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The District (employer) does not contribute to the plan.

	Public Employees Retirement System (PERS)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Contractually Required Contribution	\$ 188,455.00	\$ 200,376.00								
Contributions in Relation to the Contractually Required Contribution	(188,455.00)	(200,376.00)								
Contribution Deficiency (excess)	\$ -	\$ -								
District's Covered Employee Payroll	\$ 1,750,864.00	\$ 1,705,170.00								
Contributions as a Percentage of Covered Employee Payroll	10.76%	11.75%								

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Teachers' Pension and Annuity Fund (TPAF)

Changes of Benefit Terms- The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of Assumptions- Mortality rates were based on the RP-2000 Health Mortality Table for Males or Females, as appropriate, with the adjustments for mortality improvements base on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA form the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees Retirement System (PERS)

Changes of Benefit Terms- The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of Assumptions- Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements form the base year of 2012 Based of Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015**

		<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES					
State Sources		\$ 74,430	\$74,430	\$ -	\$ -
Federal Sources		391,307	-	391,307	-
Local Sources		<u>37,900</u>	<u>-</u>	<u>-</u>	<u>37,900</u>
Total Revenues		<u>503,637</u>	<u>74,430</u>	<u>391,307</u>	<u>37,900</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	100-100	40,900	-	40,900	
Purchased Professional and Technical Services	100-300	200,180	43,750	156,430	
General Supplies	100-600	56,732	-	56,732	
Textbooks	100-640	<u>19,960</u>	<u>19,960</u>	<u>-</u>	
Total Instruction		<u>317,772</u>	<u>63,710</u>	<u>254,062</u>	
Support Services:					
Personal Services - Employee Benefits	200-200	5,993		5,993	
Purchased Professional and Technical Services	200-300	129,252		129,252	
Supplies and Materials	200-600	<u>48,620</u>	<u>10,720</u>	<u>-</u>	<u>37,900</u>
Total Support Services		<u>185,865</u>	<u>10,720</u>	<u>137,245</u>	<u>37,900</u>
Total Expenditures		<u>\$ 503,637</u>	<u>\$74,430</u>	<u>\$ 391,307</u>	<u>\$ 37,900</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015**

		Total	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Handicapped Services	N.J. Nonpublic Nursing Services	N.J. Nonpublic Technology Initiative
REVENUES						
State Sources		\$ 74,430	\$ 19,960	\$ 11,975	\$ 31,775	\$10,720
Total State Revenues		<u>74,430</u>	<u>19,960</u>	<u>11,975</u>	<u>31,775</u>	<u>10,720</u>
EXPENDITURES:						
Instruction:						
Purchased Professional and Technical Services	100-300	43,750		11,975	31,775	
Textbooks	100-640	<u>19,960</u>	<u>19,960</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction		<u>63,710</u>	<u>19,960</u>	<u>11,975</u>	<u>31,775</u>	<u>-</u>
Support Services:						
Supplies & Materials	200-600	<u>10,720</u>				<u>10,720</u>
Total Support Services		<u>10,720</u>				<u>10,720</u>
Total Expenditures		<u>\$ 74,430</u>	<u>\$ 19,960</u>	<u>\$ 11,975</u>	<u>\$ 31,775</u>	<u>\$ 10,720</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

		<u>Total</u>	<u>N.C.L.B.</u>			<u>I.D.E.A. Part B</u>	
			<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES							
Federal Sources		\$391,307	\$26,609	\$20,297	\$16,525	\$314,714	\$13,162
Total Federal Revenues		<u>391,307</u>	<u>26,609</u>	<u>20,297</u>	<u>16,525</u>	<u>314,714</u>	<u>13,162</u>
EXPENDITURES:							
Instruction:							
Personal Services - Salaries	100-100	40,900	23,200	17,700			
Purchased Professional and Technical Services	100-300	156,430			16,440	139,990	
General Supplies	100-600	56,732	10	3	85	43,472	13,162
Total Instruction		<u>254,062</u>	<u>23,210</u>	<u>17,703</u>	<u>16,525</u>	<u>183,462</u>	<u>13,162</u>
Support Services:							
Personal Services - Employee Benefits	200-200	5,993	3,399	2,594			
Purchased Professional and Technical Services	200-300	129,252				129,252	
Other Purchased Services (400-500 series)	200-500	2,000	-	-	-	2,000	
Total Support Services		<u>137,245</u>	<u>3,399</u>	<u>2,594</u>	<u>-</u>	<u>131,252</u>	
Total Expenditures		<u>\$391,307</u>	<u>\$26,609</u>	<u>\$20,297</u>	<u>\$16,525</u>	<u>\$314,714</u>	<u>\$13,162</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund**

**Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015**

	<u>Total</u>	<u>Various Local</u>
REVENUES		
Local Sources	<u>\$ 37,900</u>	<u>\$ 37,900</u>
Total Local Revenues	<u>37,900</u>	<u>37,900</u>
 EXPENDITURES:		
Support Services:		
Supplies & Materials	200-600 <u>37,900</u>	<u>37,900</u>
Total Support Services	<u>37,900</u>	<u>37,900</u>
 Total Expenditures	 <u>\$ 37,900</u>	 <u>\$ 37,900</u>

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2015**

REVENUES AND OTHER FINANCING SOURCES

Transfer from Capital Reserve	\$ <u>161,761.00</u>
Total Revenues	<u>161,761.00</u>

EXPENDITURES AND OTHER FINANCING USES

Construction Services (450)	<u>161,761.00</u>
Total Expenditures	<u>161,761.00</u>

Excess (deficiency) of revenues over (under) expenditures	-
Fund Balance - July 1	<u>217,980</u>
Fund Balance - June 30	<u>\$ 217,980</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Bragg Elementary School
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 1,664,887	\$ 1,664,887	\$ 1,664,887
Bond Proceeds	<u>5,345,000</u>	<u>5,345,000</u>	<u>5,345,000</u>
Total Revenues	<u>7,009,887</u>	<u>7,009,887</u>	<u>7,009,887</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	722,231	722,231	736,050
Construction Services (450)	5,931,425	5,931,425	5,923,450
Other Objects (800)	<u>330,262</u>	<u>330,262</u>	<u>350,500</u>
Total Expenditures	<u>6,983,918</u>	<u>6,983,918</u>	<u>7,010,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,969</u>	<u>\$ 25,969</u>	<u>\$ (113)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-030-04-0ABA
Grant Date	6/15/05
Bond Authorization Date	12/14/04
Bonds Authorized	\$ 5,345,113
Bonds Issued	\$ 5,345,000
Original Authorized Cost	\$ 7,010,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 7,010,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	99.63%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Dickerson Elementary School
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 2,522,133	\$ 2,522,133	\$ 2,522,133
Bond Proceeds	<u>8,127,000</u>	<u>8,127,000</u>	<u>8,127,000</u>
Total Revenues	<u>10,649,133</u>	<u>10,649,133</u>	<u>10,649,133</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	1,107,379	1,107,379	1,118,250
Construction Services (450)	8,998,863	8,998,863	8,999,250
Other Objects (800)	<u>501,266</u>	<u>501,266</u>	<u>532,500</u>
Total Expenditures	<u>10,607,508</u>	<u>10,607,508</u>	<u>10,650,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 41,625</u>	<u>\$ 41,625</u>	<u>\$ (867)</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	0820-040-04-OACI		
Grant Date	6/15/05		
Bond Authorization Date	12/14/04		
Bonds Authorized	\$ 8,127,867		
Bonds Issued	\$ 8,127,000		
Original Authorized Cost	\$ 10,650,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 10,650,000		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	99.60%		
Original Target Completion Date	9/1/07		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Black River Middle School
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 1,331,992	\$ 1,331,992	\$ 1,331,992
Bond Proceeds	<u>3,758,000</u>	<u>3,758,000</u>	<u>3,758,000</u>
Total Revenues	<u>5,089,992</u>	<u>5,089,992</u>	<u>5,089,992</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	526,778	526,778	534,450
Construction Services (450)	4,301,430	4,301,430	4,301,050
Other Objects (800)	<u>239,761</u>	<u>239,761</u>	<u>254,500</u>
Total Expenditures	<u>5,067,969</u>	<u>5,067,969</u>	<u>5,090,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 22,023</u>	<u>\$ 22,023</u>	<u>\$ (8)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-020-04-OACH
Grant Date	6/15/05
Bond Authorization Date	12/14/04
Bonds Authorized	\$ 3,758,008
Bonds Issued	\$ 3,758,000
Original Authorized Cost	\$ 5,090,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 5,090,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	99.57%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Bragg School
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 652,536	\$652,536	\$ 652,536
Transfer from Capital Reserve	<u>205,650</u>	<u>205,650</u>	<u>205,650</u>
Total Revenues	<u>858,186</u>	<u>858,186</u>	<u>858,186</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	10,598	10,598	12,000
Construction Services (450)	825,745	825,745	830,000
Other Objects (800)	<u>10,548</u>	<u>10,548</u>	<u>16,186</u>
Total Expenditures	<u>846,891</u>	<u>846,891</u>	<u>858,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,295</u>	<u>\$ 11,295</u>	<u>\$ -</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-030-05-OAZM
Grant Date	5/8/06
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 858,186
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 858,186
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	98.68%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Dickerson School
From Inception and for the Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 106,786	\$ 106,786	\$ 106,786
Transfer from Capital Reserve	<u>33,150</u>	<u>33,150</u>	<u>33,150</u>
Total Revenues	<u>139,936</u>	<u>139,936</u>	<u>139,936</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	1,708	1,708	3,494
Construction Services (450)	134,336	134,336	134,446
Other Objects (800)	<u>1,701</u>	<u>1,701</u>	<u>1,996</u>
Total Expenditures	<u>137,745</u>	<u>137,745</u>	<u>139,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,191</u>	<u>\$ 2,191</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	0820-040-05-OAZN		
Grant Date	5/8/06		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 139,936		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 139,936		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	98.43%		
Original Target Completion Date	9/1/07		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Black River Middle School
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 841,386	\$ 841,386	\$ 841,386
Transfer from Capital Reserve	<u>261,200</u>	<u>261,200</u>	<u>261,200</u>
Total Revenues	<u>1,102,586</u>	<u>1,102,586</u>	<u>1,102,586</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	13,462	13,462	20,259
Construction Services (450)	1,061,558	1,061,558	1,067,198
Other Objects (800)	<u>13,396</u>	<u>13,396</u>	<u>15,129</u>
Total Expenditures	<u>1,088,416</u>	<u>1,088,416</u>	<u>1,102,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,170</u>	<u>\$ 14,170</u>	<u>\$ (0)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-020-05-OAZL
Grant Date	5/8/06
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,102,586
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,102,586
	-
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	98.71%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Door Replacement Project
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 68,040	\$68,040	\$ 68,040
Transfer from Capital Reserve	<u>102,060</u>	<u>102,060</u>	<u>102,060</u>
Total Revenues	<u>170,100</u>	<u>170,100</u>	<u>170,100</u>
EXPENDITURES AND OTHER FINANCING USES			
Construction Services (450)	<u>84,458</u>	<u>84,458</u>	<u>170,100</u>
Total Expenditures	<u>84,458</u>	<u>84,458</u>	<u>170,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 85,642</u>	<u>\$85,642</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number			
Grant Date	1/26/09		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 170,100		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 170,100		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	49.65%		
Original Target Completion Date	9/1/09		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Paving Project
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 85,000	\$ 85,000	\$ 85,000
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
EXPENDITURES AND OTHER FINANCING USES			
Construction Services (450)	<u>84,182</u>	<u>84,182</u>	<u>85,000</u>
Total Expenditures	<u>84,182</u>	<u>84,182</u>	<u>85,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 818</u>	<u>\$ 818</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 85,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 85,000		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	99.04%		
Original Target Completion Date	9/1/10		
Revised Target Completion Date	9/1/12		

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Solar Panel Project
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	<u>\$ 200,000</u>	<u>\$200,000</u>	<u>\$ 200,000</u>
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)		-	- 15,000
Construction Services (450)		-	185,000
Returned to Capital Outlay	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditure	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Fiber Optic Project
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$ 100,000</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	500	500	2,220
Construction Services (450)	<u>97,780</u>	<u>97,780</u>	<u>97,780</u>
Total Expenditures	<u>98,280</u>	<u>98,280</u>	<u>100,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,720</u>	<u>\$ 1,720</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$100,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$100,000		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	98.28%		
Original Target Completion Date	9/1/11		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Roof Replacement Project
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	<u>\$ 179,748</u>	<u>\$ 179,748</u>	<u>\$ 179,748</u>
Total Revenues	<u>179,748</u>	<u>179,748</u>	<u>179,748</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)		-	10,000
Construction Services (450)	<u>167,221</u>	<u>167,221</u>	<u>169,748</u>
Total Expenditures	<u>167,221</u>	<u>167,221</u>	<u>179,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,527</u>	<u>\$ 12,527</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 179,748		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 179,748		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	93.03%		
Original Target Completion Date	9/1/11		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary B:
Various Improvements 2013-2014
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 722,470	\$ 722,470	\$ 722,470
Total Revenues	<u>722,470</u>	<u>722,470</u>	<u>722,470</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	46,739	46,739	46,739
Construction Services (450)	675,731	675,731	675,731
Total Expenditures	<u>722,470</u>	<u>722,470</u>	<u>722,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 723,273		
Additional Authorized Cost			
Revised Authorized Cost	\$ 723,273		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	100.00%		
Original Target Completion Date	6/30/14		
Revised Target Completion Date	6/30/14		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Improvements 2014-2015
From Inception and for the Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ -	\$ 161,761	\$ 161,761	\$ 161,761
Total Revenues	<u>-</u>	<u>161,761</u>	<u>161,761</u>	<u>161,761</u>
EXPENDITURES AND OTHER FINANCING USES				
Construction Services (450)	-	161,761	161,761	161,761
Total Expenditures	<u>-</u>	<u>161,761</u>	<u>161,761</u>	<u>161,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 161,761			
Additional Authorized Cost				
Revised Authorized Cost	\$ 161,761			
	-			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	100.00%			
Original Target Completion Date	6/30/15			
Revised Target Completion Date	6/30/15			

FIDUCIARY FUND

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds-This agency fund are used to account for the payroll transactions of the school district and student activity funds.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

<u>Schools</u>	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Elementary Schools:				
Bragg School	\$ 10,907	\$ 15,177	\$ 12,276	\$ 13,808
Dickerson School	9,270	11,792	11,651	9,411
Middle School:				
Activity	20,060	105,854	101,387	24,527
Athletic	<u>-</u>	<u>6,629</u>	<u>6,629</u>	<u>-</u>
	<u>\$ 40,237</u>	<u>\$ 139,452</u>	<u>\$ 131,943</u>	<u>\$ 47,746</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Payroll Deductions and Withholdings	\$ 82,162	\$ 5,698,632	\$ 5,780,794	\$ -
Flexible Spending Account	5,813	13,496	11,078	8,231
Net Salaries and Wages	<u>1,871</u>	<u>7,736,761</u>	<u>7,738,632</u>	<u>-</u>
	<u>\$ 89,846</u>	<u>\$ 13,448,889</u>	<u>\$ 13,530,504</u>	<u>\$ 8,231</u>

LONG – TERM DEBT

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
 Long - Term Debt
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2015

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2015			Interest Rate	Balance June 30, 2014	Issued Current Year	Retired Current Year	Refunded Current Year	Balance June 30, 2015
			Date	Amount	Rate						
Refunding Bonds	8/1/2004	\$ 5,195,000	9/1/15	540,000	3.88%	\$ 2,165,000	\$ -	\$ 530,000	-	\$ 1,635,000	
			9/1/16	545,000	4.00%						
			9/1/17	550,000	4.00%						
School Bonds	3/1/2005	17,230,000	3/1/2015	205,000	4.25%	205,000	-	205,000	-	-	
Refunding Bonds	12/12/2012	8,505,000.00	Serial Bonds:	275,000	3.00%	8,370,000		50,000		8,320,000	
			3/1/16	275,000	3.00%						
			3/1/17	285,000	3.00%						
			3/1/18	310,000	3.00%						
			3/1/19	635,000	3.00%						
			3/1/20	660,000	3.00%						
			Term Bond due 2022:								
			3/1/21	25,000	4.00%						
			3/1/22	25,000	4.00%						
			Term Bond due 2030:								
			3/1/23	35,000	2.50%						
			3/1/24	35,000	2.50%						
			3/1/25	35,000	2.50%						
		3/1/26	35,000	2.50%							
		3/1/27	40,000	2.50%							
		3/1/28	40,000	2.50%							
		3/1/29	40,000	2.50%							
		3/1/30	40,000	2.50%							

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
 Long - Term Debt
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2015
 (Concluded)

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2015</u>			<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Refunded Current Year</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>	<u>Rate</u>						
Serial Bonds:											
Refunding Bonds	12/12/2012	\$ 8,505,000.00	3/1/31	1,070,000	3.00%	\$ -	\$ -	\$ -	\$ -	\$ -	-
			3/1/32	1,115,000	3.00%						
			3/1/33	1,160,000	3.00%						
			3/1/34	1,205,000	3.00%						
			3/1/35	1,255,000	3.00%						
Refunding Bonds	1/15/2013	8,250,000.00	3/1/16	40,000	3.00%	8,115,000.00		40,000			8,075,000
			3/1/17	40,000	3.00%						
			3/1/18	40,000	3.00%						
			3/1/19	40,000	3.00%						
			3/1/20	45,000	3.00%						
			3/1/21	695,000	3.00%						
			3/1/22	720,000	3.00%						
			3/1/23	700,000	3.00%						
			3/1/24	735,000	2.20%						
			3/1/25	750,000	2.25%						
			3/1/26	785,000	2.30%						
			3/1/27	805,000	4.00%						
			3/1/28	845,000	4.00%						
			3/1/29	895,000	4.00%						
			3/1/30	940,000	4.00%						
							<u>\$ 18,855,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 18,030,000</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2015**

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2015</u>
Technology Equipment	1.230%	\$ -	\$ 274,460	\$ 69,717	\$ 204,743
Technology Equipment	2.750%	<u>140,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
		<u>\$ 140,000</u>	<u>\$ 274,460</u>	<u>\$ 139,717</u>	<u>\$ 274,743</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,401,355	\$ -	\$ 1,401,355	\$ 1,401,355	\$ -
Total Revenues	<u>1,401,355</u>	<u>-</u>	<u>1,401,355</u>	<u>1,401,355</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds and Notes	594,538	-	594,538	594,537	(1)
Redemption of Principal	<u>825,000</u>	<u>-</u>	<u>825,000</u>	<u>825,000</u>	<u>-</u>
Total Regular Debt Service	<u>1,419,538</u>	<u>-</u>	<u>1,419,538</u>	<u>1,419,537</u>	<u>(1)</u>
Total Expenditures	<u>1,419,538</u>	<u>-</u>	<u>1,419,538</u>	<u>1,419,537</u>	<u>(1)</u>
Excess of Revenues Over Expenditures	(18,183)		(18,183)	(18,182)	1
Other Financing Sources:					
Excess Escrow	-	-	-	20	20
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Excess of Revenues and Other Financing Sources Over Expenditures	(18,183)		(18,183)	(18,162)	21
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,183</u>	<u>18,183</u>
Fund Balance, June 30	<u>\$ (18,183)</u>	<u>\$ -</u>	<u>\$ (18,183)</u>	<u>\$ 21</u>	<u>\$ 18,204</u>
Recapitulation of (Deficiency) of Revenues and Other Financing Sources (Under) Expenditures					
Budgeted Fund Balance	<u>\$ (18,183)</u>	<u>\$ -</u>	<u>\$ (18,183)</u>	<u>\$ (18,162)</u>	<u>\$ 21</u>

STATISTICAL SECTION (Unaudited)

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities		(Restated)								
Net Investment in Capital Assets	\$ 7,783,923	\$ 7,982,014	\$ 21,364,128	\$ 20,344,483	\$ 19,343,840	\$ 18,495,876	\$ 17,345,927	\$ 16,006,657	\$ 7,656,616	\$ (7,883,006)
Restricted	4,756,466	4,377,042	4,466,429	3,863,164	2,438,890	1,933,652	2,573,150	2,834,965	9,971,472	24,415,156
Unrestricted	(4,769,186)	(4,834,671)	(264,363)	(328,970)	(204,891)	(500,078)	(493,946)	(266,425)	35,910	(292,833)
Total Governmental Activities Net Position	\$ 7,771,203	\$ 7,524,385	\$ 25,566,194	\$ 23,878,677	\$ 21,577,839	\$ 19,929,450	\$ 19,425,131	\$ 18,575,197	\$ 17,663,998	\$ 16,239,318
Business-Type Activities										
Net Investment in Capital Assets	\$ 90,199	\$ 45,741	\$ 29,567	\$ 33,289	\$ 33,893	\$ 38,031	\$ -	\$ -	\$ -	\$ 2,405
Unrestricted	58,478	94,772	119,674	116,798	109,443	70,927	49,818	5,671	(5,051)	5,992
Total Business-Type Activities Net Position	\$ 148,677	\$ 140,513	\$ 149,241	\$ 150,087	\$ 143,336	\$ 108,958	\$ 49,818	\$ 5,671	\$ (5,051)	\$ 8,397
Government-Wide										
Net Investment in Capital Assets	\$ 7,874,122	\$ 8,027,755	\$ 21,393,695	\$ 20,377,772	\$ 19,377,733	\$ 18,533,907	\$ 17,345,927	\$ 16,006,657	\$ 7,656,616	\$ (7,880,600)
Restricted	4,766,466	4,377,042	4,466,429	3,863,164	2,438,890	1,933,652	2,573,150	2,834,965	9,971,472	24,415,156
Unrestricted	(4,710,706)	(4,739,899)	(144,689)	(212,172)	(95,448)	(429,151)	(444,128)	(260,754)	30,859	(286,841)
Total District Net Position	\$ 7,919,880	\$ 7,664,898	\$ 25,715,435	\$ 24,028,764	\$ 21,721,175	\$ 20,038,408	\$ 19,474,949	\$ 18,580,868	\$ 17,666,947	\$ 16,247,715

Source: Comprehensive Annual Financial Report

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68. "Accounting and Financial Reporting for Pensions".

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,989,618	\$ 8,537,297	\$ 8,680,122	\$ 8,352,131	\$ 8,491,652	\$ 9,199,264	\$ 8,933,928	\$ 9,160,518	\$ 9,015,933	\$ 8,872,392
Special Education	2,976,810	2,716,955	2,651,607	2,640,462	2,580,749	2,494,809	2,159,785	2,031,051	2,034,703	1,759,510
Other Instruction	770,279	834,520	806,297	625,453	641,399	729,034	782,303	676,171	413,669	653,526
Support Services:										
Tuition	637,553	693,460	754,466	618,490	589,971	532,410	802,237	591,267	564,190	434,075
Student and Instruction Related Services	3,010,285	2,920,482	3,214,270	2,614,079	2,441,415	2,554,221	2,220,146	2,455,519	2,066,429	1,892,328
School Administrative Services	1,248,910	1,189,595	1,164,829	1,126,031	1,154,537	1,112,200	1,096,525	1,098,588	1,066,236	967,474
General and Business Admin. Services	2,759,321	1,192,768	1,242,245	1,312,986	1,294,430	1,292,089	1,249,974	1,191,434	1,204,802	1,179,877
Plant Operations and Maintenance	2,188,130	2,170,778	2,107,079	1,991,461	2,035,433	2,521,827	2,492,807	2,339,405	2,099,439	1,738,961
Pupil Transportation	1,610,197	1,627,122	1,498,652	1,466,222	1,404,699	1,487,340	1,441,215	1,373,043	1,531,072	1,201,575
Capital Outlay-Debt Service Assessment	58,458	58,458	58,458	42,595	73,244	-	-	-	-	-
Special Schools	176,348	165,877	166,906	150,368	171,127	211,100	169,245	153,935	153,024	163,256
Charter Schools	-	98,108	81,699	-	-	-	-	-	31,801	37,477
Interest on Long-Term Debt	625,852	657,041	529,706	864,475	891,533	917,284	1,084,746	963,788	990,954	950,665
Total Governmental Activities Expenses	25,051,761	22,862,461	22,956,336	21,804,753	21,770,189	23,051,578	22,432,911	22,034,718	21,172,252	19,851,116
Business-Type Activities:										
Food service	338,190	367,622	347,864	391,800	368,426	375,012	363,743	352,911	365,694	323,198
Total Business-Type Activities Expense	338,190	367,622	347,864	391,800	368,426	375,012	363,743	352,911	365,694	323,198
Total Government-Wide Expenses	\$ 25,389,951	\$ 23,230,083	\$ 23,304,200	\$ 22,196,553	\$ 22,138,615	\$ 23,426,590	\$ 22,796,654	\$ 22,387,629	\$ 21,537,946	\$ 20,174,314
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 249,521	\$ 182,115	\$ 182,109	\$ 213,034	\$ 129,450	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	4,468,720	3,973,197	4,165,038	3,997,063	3,759,445	4,205,571	4,570,388	4,454,772	4,334,019	3,709,813
Total Governmental Activities Program Revenues	4,718,241	4,155,312	4,347,147	4,210,097	3,888,895	4,205,571	4,570,388	4,454,772	4,334,019	3,709,813

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-Type Activities:										
Charges for Services										
Food Service	\$ 283,534	\$ 297,817	\$ 284,703	\$ 330,545	\$ 332,641	\$ 343,211	\$ 351,006	\$ 315,423	\$ 310,284	\$ 284,829
Operating Grants and Contributions	62,557	59,373	60,611	66,302	70,163	65,533	56,885	48,210	41,962	48,302
Total Business-Type Activities Program Revenues	346,091	357,190	345,314	396,847	402,804	408,744	407,891	363,633	352,246	333,131
Total Government-Wide Program Revenues	\$ 5,064,332	\$ 4,512,502	\$ 4,692,461	\$ 4,606,944	\$ 4,291,699	\$ 4,614,315	\$ 4,978,279	\$ 4,818,405	\$ 4,686,265	\$ 4,042,944
Net (Expense)/Revenue	\$ (20,333,520)	\$ (18,707,149)	\$ (18,609,189)	\$ (17,594,656)	\$ (17,881,294)	\$ (18,846,007)	\$ (17,862,523)	\$ (17,579,946)	\$ (16,838,233)	\$ (16,141,303)
Governmental Activities	7,901	(10,432)	(2,950)	5,047	34,378	33,732	44,148	10,722	(13,448)	9,933
Business-Type Activities	\$ (20,325,619)	\$ (18,717,581)	\$ (18,611,739)	\$ (17,589,609)	\$ (17,846,916)	\$ (18,812,275)	\$ (17,818,375)	\$ (17,569,224)	\$ (16,851,681)	\$ (16,131,370)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	\$ 19,609,553	\$ 19,255,764	\$ 18,951,972	\$ 18,951,972	\$ 18,662,569	\$ 18,319,097	\$ 17,646,634	\$ 17,175,292	\$ 16,543,289	\$ 15,835,388
Property Taxes, Levied for Debt Service Principal	817,388	710,924	1,053,105	679,075	653,742	637,775	617,531	599,188	536,003	633,073
Federal and State Aid Not Restricted	31,250	71,424	61,202	100,018	11,861	73,820	108,586	213,316	174,426	118,167
Rents and Royalties	39,795	38,953	-	-	-	-	-	-	-	-
Tuition (Other Than Special Schools)	-	-	-	-	-	105,546	132,147	86,172	67,084	89,950
Investment Earnings	15,969	15,447	23,522	55,281	33,893	61,874	51,397	339,279	903,288	659,876
Account Payable Canceled	-	-	-	-	-	31,759	-	-	-	-
Miscellaneous Income	66,383	91,350	206,905	109,148	106,224	120,455	156,162	77,898	38,824	7,014
N.J. Economic Development Authority Grants	-	-	-	-	-	-	-	-	-	1,610,708
Refunding Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	20,580,338	20,183,562	20,296,706	19,895,494	19,468,289	19,350,326	18,712,457	18,491,145	18,262,914	18,954,176
Business-Type Activities:										
Investment Earnings	263	1,704	1,704	1,704	-	25,408	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	25,408	-	-	-	-
Total Business-Type Activities	263	1,704	1,704	1,704	-	25,408	-	-	-	-
Total Government-Wide General Revenues	\$ 20,580,601	\$ 20,185,266	\$ 20,298,410	\$ 19,897,198	\$ 19,468,289	\$ 19,375,734	\$ 18,712,457	\$ 18,491,145	\$ 18,262,914	\$ 18,954,176
Change in Net Position	\$ 246,818	\$ 1,476,413	\$ 1,687,517	\$ 2,300,838	\$ 1,586,995	\$ 504,319	\$ 849,934	\$ 911,199	\$ 1,424,681	\$ 2,812,873
Governmental Activities	8,164	(8,728)	(846)	6,751	34,378	59,140	44,148	10,722	(13,448)	9,933
Business-Type Activities	\$ 254,982	\$ 1,467,685	\$ 1,686,671	\$ 2,307,589	\$ 1,621,373	\$ 563,459	\$ 894,082	\$ 921,921	\$ 1,411,233	\$ 2,822,906

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,663,964	\$ 2,333,863	\$ 2,675,550	\$ 2,159,794	\$ 999,760
Unreserved	4,538,465	3,949,533	3,691,614	3,422,555	1,845,574	422,623	477,912	403,631	691,353	967,186
Restricted	151,823	191,346	239,017							
Assigned	494,038	543,650	512,767	514,596	666,480					
Unassigned										
Total General Fund	\$ 5,184,326	\$ 4,684,559	\$ 4,443,398	\$ 3,937,151	\$ 2,512,054	\$ 2,086,587	\$ 2,811,775	\$ 3,079,181	\$ 2,851,147	\$ 1,966,946
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,335,764
Unreserved, Reported In:										
Special Revenue Fund										
Capital Projects Fund						469,688	239,287	477,981	8,139,430	4,773,836
Debt Service Fund								(2)	(2)	42,816
Restricted, Reported In:										
Capital Projects Fund	217,980	217,980	417,980	440,609	593,316					
Debt Service Fund	21	18,183	117,818							
Total All Other Governmental Funds	\$ 218,001	\$ 236,163	\$ 535,798	\$ 440,609	\$ 593,316	\$ 469,688	\$ 239,287	\$ 477,979	\$ 8,139,428	\$ 23,152,416
Total Fund Balances	\$ 5,402,327	\$ 4,920,722	\$ 4,979,196	\$ 4,377,760	\$ 3,105,370	\$ 2,556,275	\$ 3,051,062	\$ 3,557,160	\$ 10,990,575	\$ 25,119,362

Source: Comprehensive Annual Financial Report

Beginning with Fiscal Year 2011, The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues											
Tax Levy	\$ 21,010,908	\$ 20,581,542	\$ 20,492,897	\$ 20,495,522	\$ 20,207,844	\$ 19,874,156	\$ 19,348,911	\$ 18,738,267	\$ 18,070,246	\$ 17,419,126	\$ 15,500,667
Tuition Charges	249,521	182,115	182,109	213,034	129,450	105,546	132,147	86,172	67,084	89,950	57,385
Rents and Royalties	39,795	38,953	-	-	-	-	-	-	-	-	-
Transportation Fees	-	-	-	-	-	-	-	-	-	-	-
Interest Earnings	15,969	15,447	23,522	55,281	33,893	61,874	51,397	339,279	903,288	659,876	237,497
Miscellaneous	104,463	166,292	329,014	157,519	186,972	191,659	258,266	77,898	38,824	7,014	16,119
State Sources	3,249,882	3,021,827	3,265,796	2,705,323	2,363,774	2,666,594	3,126,933	3,356,368	3,190,923	2,572,642	2,492,294
Federal Sources	391,307	332,698	350,515	478,912	433,251	724,309	365,191	347,933	326,568	304,673	265,410
Total Revenues	25,061,845	24,338,874	24,643,853	24,105,591	23,357,184	23,524,138	23,282,845	22,945,917	22,586,953	21,063,281	18,569,372
Expenditures											
Instruction											
Regular Instruction	6,359,300	6,156,808	6,173,561	5,945,038	6,233,263	6,965,397	6,820,871	6,580,415	6,526,090	6,714,111	5,712,253
Special Education Instruction	2,123,169	1,951,554	1,855,185	1,957,584	1,959,198	1,951,489	1,669,625	1,505,247	1,433,182	1,347,537	1,229,159
Other Instruction	536,572	611,446	558,291	617,897	487,631	548,288	616,093	493,824	386,097	503,171	584,952
Support Services:											
Tuition	637,553	693,460	754,466	618,480	589,971	532,410	802,237	591,267	564,190	434,075	257,578
Student and Instruction Related Services	2,269,972	2,258,631	2,488,897	1,987,889	1,920,413	2,023,601	1,857,478	1,904,041	1,591,167	1,523,560	1,603,744
School Administrative Services	829,036	799,853	767,100	767,802	797,275	795,130	797,036	765,284	761,233	703,921	672,087
General and Business Administrative Services	868,403	813,754	837,211	897,544	912,222	933,686	903,297	915,099	928,888	894,146	859,539
Plant Operations and Maintenance	1,829,747	1,870,389	1,761,785	1,690,179	1,753,749	2,201,579	2,212,760	2,059,688	1,827,342	1,500,970	1,411,125
Pupil Transportation	1,488,563	1,493,827	1,369,596	1,364,453	1,319,740	1,407,374	1,385,334	1,313,042	1,462,458	1,205,938	1,036,617
Employee Benefits	5,362,900	5,040,703	5,393,778	4,821,402	4,489,815	4,797,724	4,282,656	4,489,463	4,489,185	3,838,828	3,431,332
Special Schools	143,543	141,030	139,860	126,943	149,292	182,248	147,147	128,188	127,875	121,788	100,669
Charter Schools	-	98,108	81,699	-	-	-	-	-	31,801	37,477	52,586
Capital Outlay	927,967	983,914	641,240	701,835	374,395	356,699	734,830	7,865,801	15,301,427	2,807,718	516,194
Capital Outlay-Debt Service Assessment	58,458	58,458	58,458	42,595	73,244	-	-	-	-	-	-
Debt Service:											
Principal	825,000	800,000	880,000	670,000	645,000	630,000	610,000	590,000	570,000	560,000	510,000
Interest and Other Charges	594,537	625,413	2,444,665	873,550	900,275	925,059	1,092,275	972,875	989,775	1,023,740	301,670
Total Expenditures	24,854,720	24,397,348	26,205,792	23,093,201	22,605,483	24,250,684	24,031,639	30,379,333	37,000,720	23,216,980	18,279,505
Excess (Deficiency) of Revenues over (under) Expenditures	207,125	(58,474)	(1,561,939)	1,012,390	751,701	(726,546)	(748,794)	(7,433,415)	(14,403,787)	(2,163,699)	289,867

Source: Comprehensive Annual Financial Report

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing sources (uses)										
N.J. Economic Development Authority Grants	-	-	-	-	-	-	-	-	-	1,610,708
Payment to Refunded Bond Escrow Account	-	-	(15,665,000)	-	-	-	-	-	-	-
Refunded Bonds Issued	-	-	16,755,000	-	-	-	-	-	-	-
Premium Issued	-	-	793,375	-	-	-	-	-	-	-
Excess Escrow	20	-	-	-	-	-	-	-	-	-
Capital Leases (Non-Budgeted)	274,460	-	280,000	260,000	-	-	226,664	-	275,000	1,516,061
Accounts Payable Canceled	-	-	-	-	-	31,759	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Transfers In	161,761	-	-	-	279,748	85,000	102,060	-	-	1,038,711
Transfers Out	(161,761)	-	-	-	(279,748)	(85,000)	(102,060)	-	-	(1,038,711)
Total Other Financing Sources (Uses)	274,480	-	2,163,375	260,000	-	31,759	226,664	-	275,000	3,126,769
Net Change in Fund Balances	\$ 481,605	\$ (58,474)	\$ 601,436	\$ 1,272,390	\$ 751,701	\$ (694,787)	\$ (522,130)	\$ (7,433,415)	\$ (14,128,787)	\$ 963,070
Debt Service as a Percentage of Noncapital Expenditures	5.93%	6.09%	13.00%	6.89%	6.95%	6.51%	7.31%	6.94%	7.23%	7.76%

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

Fiscal Year Ending June 30,	Interest	Tuition	Transportation	Miscellaneous	Annual Totals
2006	\$ 121,165	\$ 89,950		\$ 7,014	\$ 218,129
2007	903,288	67,084		38,824	1,009,196
2008	339,279	86,172		77,898	503,349
2009	51,397	132,147		156,162	339,706
2010	61,874	105,546		120,455	287,875
2011	33,893	129,450		188,972	352,315
2012	55,281	213,034		109,148	377,463
2013	23,522	182,109	21,359	166,763	393,753
2014	15,447	182,115		130,303	327,865
2015	15,969	249,521		106,158	371,648

Source: District records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2005	5,229,200	217,617,700	3,612,300	140,571,400	-	2,010,000	369,040,600	1,747,166	370,787,766	312,925,143	0.699
2006	7,949,000	239,618,900	3,972,800	165,277,300	-	2,214,500	419,032,500	2,010,392	421,042,892	387,402,977	0.684
2007	7,114,300	241,279,800	3,972,800	192,169,300	-	2,214,500	446,760,700	2,100,655	448,861,355	445,186,305	0.702
2008	5,466,500	245,143,100	1,354,500	198,742,100	-	2,214,500	452,920,700	2,432,737	455,353,437	467,628,951	0.717
2009	5,466,500	244,889,900	1,354,500	197,828,600	-	2,214,500	451,754,000	2,050,374	453,804,374	471,258,932	0.758
2010	4,875,000	213,961,800	1,224,600	165,600,100	-	1,914,100	387,575,600	1,705,656	389,281,256	468,704,509	0.916
2011	4,445,100	213,716,600	1,220,800	158,600,100	-	1,840,800	379,823,400	8,165	379,831,565	440,171,759	0.947
2012	3,863,100	215,325,700	1,229,400	155,431,300	-	1,837,700	377,687,200	-	377,687,200	415,040,879	0.964
2013	3,369,700	207,567,300	1,215,900	155,137,100	-	1,795,300	369,085,300	-	369,085,300	400,613,589	0.959
2014	3,114,800	214,814,100	1,235,900	156,563,800	-	1,849,100	377,577,700	-	377,577,700	463,171,860	0.944

Source: Municipal Tax Assessor

CHESTER TOWNSHIP:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2005	16,402,700	892,335,662	40,966,380	29,388,100	1,930,000	353,400	981,376,242	1,354,657	982,730,899	1,688,282,341	1.414
2006	37,822,300	2,080,826,200	96,103,300	51,080,100	1,230,300	3,493,000	2,270,555,200	2,266,037	2,272,821,237	1,905,993,213	0.654
2007	33,925,400	2,072,231,633	96,399,200	52,360,000	3,493,000	-	2,258,409,233	2,120,659	2,260,529,892	2,131,841,434	0.678
2008	31,112,000	2,074,551,033	105,368,200	50,305,200	4,704,800	910,000	2,266,951,233	2,060,200	2,269,011,433	2,230,761,264	0.690
2009	28,337,400	2,059,943,433	106,972,300	51,086,800	5,163,700	910,000	2,247,415,933	1,868,749	2,249,284,682	2,195,682,116	0.719
2010	19,506,100	1,676,536,800	91,975,600	49,247,800	3,908,600	835,200	1,842,010,100	2,190,835	1,844,200,935	2,159,919,381	0.893
2011	18,576,400	1,670,362,000	92,916,400	49,731,900	3,908,600	835,200	1,836,330,500	2,179,636	1,838,510,136	2,063,339,316	0.912
2012	16,979,400	1,668,358,200	90,299,700	49,761,800	3,908,600	835,200	1,830,142,900	2,310,658	1,832,453,558	1,998,190,741	0.925
2013	14,619,500	1,664,309,100	89,611,100	48,990,700	2,469,700	835,200	1,820,835,300	442,529	1,821,277,829	1,914,451,003	0.934
2014	13,704,800	1,663,455,100	89,890,700	48,804,500	2,469,700	835,200	1,819,160,000	372,270	1,819,532,270	1,872,128,624	0.948

Source: Municipal Tax Assessor

Note: Revaluation of property effective for 2006.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional High School	Open Space	County	
2005	0.582	0.117	0.699	0.668	0.327		0.226	1.920
2006	0.626	0.058	0.684	0.601	0.294		0.231	1.810
2007	0.644	0.058	0.702	0.642	0.276		0.240	1.860
2008	0.655	0.062	0.717	0.661	0.275		0.239	1.892
2009	0.700	0.058	0.758	0.666	0.307	0.020	0.239	1.990
2010	0.847	0.069	0.916	0.806	0.363	0.035	0.241	2.361
2011	0.877	0.070	0.947	0.827	0.348	0.010	0.274	2.406
2012	0.814	0.150	0.964	0.852	0.354	0.010	0.271	2.451
2013	0.894	0.065	0.959	0.893	0.400	0.010	0.276	2.538
2014	0.879	0.065	0.944	0.888	0.395	0.010	0.264	2.501

Source: Municipal Tax Collector

CHESTER TOWNSHIP:

Fiscal Year Ended June 30,	School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional High School	Open Space	County	
2005	1.297	0.117	1.414	0.434	0.784	0.020	0.458	3.110
2006	0.596	0.058	0.654	0.269	0.347	0.020	0.210	1.500
2007	0.620	0.058	0.678	0.313	0.372	0.046	0.181	1.590
2008	0.628	0.062	0.690	0.334	0.388	0.061	0.187	1.660
2009	0.661	0.058	0.719	0.347	0.396	0.020	0.222	1.704
2010	0.824	0.069	0.893	0.448	0.498	0.020	0.264	2.123
2011	0.842	0.070	0.912	0.468	0.514	0.021	0.266	2.181
2012	0.775	0.150	0.925	0.488	0.521	0.020	0.269	2.223
2013	0.869	0.065	0.934	0.501	0.545	0.020	0.266	2.266
2014	0.883	0.065	0.948	0.500	0.560	0.020	0.267	2.295

Source: Municipal Tax Collector

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

CHESTER BOROUGH:

Fiscal Year Ended June 30,	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Chester Springs LLC	\$ 34,533,100	9.15%	\$ 34,413,100	9.28%
Continental Chester LLC	26,000,000	6.89%	8,900,000	2.40%
NS-MPG, Inc.	8,900,000	2.36%	8,296,000	2.24%
Savro/Chester Shopping Mall	8,296,000	2.20%	6,750,000	1.82%
Williamson Associates	4,413,400	1.17%	4,413,400	1.19%
95 W Main Assoc	3,698,500	0.98%	2,713,300	0.73%
Individual Taxpayer	3,354,800	0.89%	2,587,400	0.70%
Individual Taxpayer	2,713,300	0.72%	2,424,300	0.65%
Turkey Farm Acquisition	2,587,400	0.69%	2,049,000	0.55%
Group 206 North Associates	2,434,100	0.64%	2,001,614	0.54%
Total	<u>\$ 96,930,600</u>	<u>25.67%</u>	<u>\$ 74,548,114</u>	<u>20.11%</u>

Source: Municipal Tax Assessor

CHESTER TOWNSHIP:

Fiscal Year Ended June 30,	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Welkind c/o Select Medical Corp	\$ 6,476,600	0.36%	\$ 6,170,200	0.63%
Aresty, David R	4,883,200	0.27%	5,040,000	0.51%
Giardina, Salvatore and Diane	3,732,500	0.21%	4,324,000	0.44%
Weisman, Howard/Foss, Pamela	3,485,100	0.19%	4,034,600	0.41%
Geller, Shari Lynn B	3,124,900	0.17%	3,843,000	0.39%
Golden, Michael F/Mary	3,008,300	0.17%	3,383,800	0.34%
Laroia, Rajiv	2,732,100	0.15%	3,125,500	0.32%
Katz, Hildegard Gruenbaum Trustee	2,621,700	0.14%	3,125,000	0.32%
Waldis, Stephen/Anastasia	2,536,100	0.14%	3,124,400	0.32%
Roxiticus Ridge LLC	2,533,800	0.14%	3,111,300	0.32%
Total	<u>\$ 35,134,300</u>	<u>1.93%</u>	<u>\$ 39,281,800</u>	<u>4.00%</u>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	7,226,301	7,093,494	98.16%	7,093,494	98.16%
2006	7,809,480	7,710,895	98.73%	7,710,895	98.73%
2007	8,384,373	8,204,445	97.85%	8,204,445	97.85%
2008	8,634,695	8,495,623	98.38%	8,495,623	98.38%
2009	9,031,469	8,796,034	97.39%	8,796,034	97.39%
2010	9,211,327	8,979,113	97.47%	8,979,113	97.47%
2011	9,166,463	8,993,137	98.10%	8,993,137	98.10%
2012	9,333,136	9,139,058	97.92%	9,139,058	97.92%
2013	9,388,743	9,171,818	97.68%	9,171,818	97.68%
2014	9,444,195	9,140,567	96.78%	9,140,567	96.78%

Source: Municipal Tax Collector

CHESTER TOWNSHIP:

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	30,987,760	30,713,202	99.11%	30,713,202	99.11%
2006	34,272,182	33,804,296	98.63%	33,804,296	98.63%
2007	36,250,282	35,640,568	98.31%	35,640,568	98.31%
2008	37,797,154	37,124,759	98.22%	37,124,759	98.22%
2009	38,460,519	37,308,895	97.00%	37,308,895	97.00%
2010	39,207,373	38,485,282	98.15%	38,485,282	98.15%
2011	40,253,568	39,300,927	97.63%	39,300,927	97.63%
2012	40,790,748	39,986,953	98.02%	39,986,953	98.02%
2013	41,380,043	40,669,146	98.28%	40,669,146	98.28%
2014	41,838,121	41,234,429	98.55%	41,234,429	98.55%

Source: Municipal Tax Collector

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Percentage of Personal Income	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>		
2006	23,160,000	1,349,473	24,509,473	29.68%	2,634
2007	22,590,000	1,183,553	23,773,553	28.12%	2,564
2008	22,000,000	771,152	22,771,152	25.60%	2,442
2009	21,390,000	559,180	21,949,180	23.85%	2,349
2010	20,760,000	177,247	20,937,247	22.18%	2,200
2011	20,115,000	59,830	20,174,830	20.55%	2,106
2012	19,445,000	130,000	19,575,000	19.34%	2,038
2013	19,655,000	275,000	19,930,000	19.00%	2,068
2014	18,855,000	140,000	18,995,000	17.62%	1,975
2015	18,030,000	274,743	18,304,743	16.49%	1,903

Source: District Records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

<u>General Bonded Debt Outstanding</u>				
Fiscal Year Ended June 30,	General Obligation Bonds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2006	23,160,000	23,160,000	0.86%	14,252
2007	22,590,000	22,590,000	0.83%	13,988
2008	22,000,000	22,000,000	0.81%	13,333
2009	21,390,000	21,390,000	0.79%	12,909
2010	20,760,000	20,760,000	0.93%	12,582
2011	20,115,000	20,115,000	0.91%	12,074
2012	19,445,000	19,445,000	0.88%	11,658
2013	19,655,000	19,655,000	0.89%	11,713
2014	18,855,000	18,855,000	0.86%	11,263
2015	18,030,000	18,030,000	0.82%	10,771

Source: District Records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
Unaudited**

Net Direct Debt of School District As of June 30, 2015	\$ 18,030,000
Net Overlapping Debt of School District:	
Borough of Chester (100%)	\$ 4,420,000
Township of Chester (100%)	9,721,300
County of Morris - Borough's share (.45%)	1,058,026
County of Morris - Township's share (2.12%)	<u>4,984,476</u>
Total Direct and Overlapping Debt As of June 30, 2015	<u>20,183,801</u> <u>\$ 38,213,801</u>

Source: Borough of Chester's and Township of Chester's Chief Financial Officers and Morris County Treasurer's Office.

Note: The method used to estimate the applicable percentage of overlapping debt was to divide the value of the revenue base within the overlapping geographic area by the total revenue base of the overlapping government, and multiply this ratio by the overlapping government's outstanding debt.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Combined: Chester Borough
Chester Township

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2012	2,326,289,667
2013	2,277,217,562
2014	2,334,928,214
	<u>\$ 6,938,435,443</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,312,811,814</u>
Debt Limit (3% of Average Equalization Value)	69,384,354
Total Net Debt Applicable to Limit	18,030,000
Legal Debt Margin	<u>\$ 51,354,354</u>

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 87,903,629	\$ 75,362,179	\$ 72,484,088	\$ 70,233,799
Total Net Debt Applicable to Limit	<u>20,115,000</u>	<u>19,455,000</u>	<u>19,655,000</u>	<u>18,855,000</u>
Legal Debt Margin	<u>\$ 67,788,629</u>	<u>\$ 55,907,179</u>	<u>\$ 52,829,088</u>	<u>\$ 52,829,090</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	22.88%	25.82%	27.12%	26.85%
			27.12%	25.99%

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 75,164,393	\$ 59,151,330	\$ 91,114,027	\$ 86,418,324
Total Net Debt Applicable to Limit	<u>23,160,000</u>	<u>22,590,000</u>	<u>22,000,000</u>	<u>21,390,000</u>
Legal Debt Margin	<u>\$ 52,004,393</u>	<u>\$ 36,561,330</u>	<u>\$ 69,114,027</u>	<u>\$ 65,028,324</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	30.81%	38.19%	24.15%	24.75%
			24.15%	23.16%

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Capita Personal Income</u>	<u>Unemployment Rate</u>	
2006	1,625	82,588,418	50,824	4.20%	
2007	1,615	84,542,587	52,348	3.70%	
2008	1,650	88,966,023	53,919	4.90%	
2009	1,657	92,023,758	55,536	5.00%	
2010	1,650	94,384,054	57,202	8.80%	
2011	1,666	98,158,272	58,919	8.50%	
2012	1,668	101,224,392	60,686	8.80%	
2013	1,678	104,886,191	62,507	6.50%	
2014	1,674	107,775,249	64,382	3.80%	
2015	1,674 Est	111,008,506	66,313	3.80%	Est.

CHESTER TOWNSHIP:

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	
2006	7,680	507,604,814	66,094	2.30%	
2007	7,657	521,267,182	68,077	2.00%	
2008	7,675	538,167,349	70,120	2.70%	
2009	7,686	555,106,824	72,223	2.90%	
2010	7,868	585,298,973	74,390	5.00%	
2011	7,915	606,459,152	76,621	4.80%	
2012	7,938	626,468,090	78,920	5.00%	
2013	7,959	646,969,176	81,288	5.80%	
2014	7,945	665,206,081	83,726	4.40%	
2015	7,945 Est.	685,162,264	86,238	4.40%	Est.

Sources:

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

Personal income has been estimated based upon the municipal population and per capita personal income presented.

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Shop Rite Supermarket	499	10.93%	350	21.88%
New Jersey Quarter Horse Assn.	300	6.57%	250	15.63%
Welkind Rehabilitation Center	249	5.46%	200	12.50%
West Morris Central High School	97	2.13%	150	9.38%
Weichert Realtors	94	2.06%	100	6.25%
Glenora Nursing Home	83	1.82%	60	3.75%
United Cerebral Palsy	66	1.45%	60	3.75%
Chester Volunteer Fire Co.	63	1.38%	75	4.69%
Coldwell Banker	60	1.31%	60	3.75%
Peapack-Gladstone Bank	59	1.29%	60	3.75%
Bragg School	58	1.27%		
Brick Tavern Restaurant	55	1.21%		
Alstede Farms	49	1.07%		
D & C Electrical Contractors	48	1.05%		
Dickerson School	43		60	3.75%
Black River Middle School	40		50	3.13%
CM Offray & Son, Inc.	40		50	3.13%
Excellence in Exercise, Inc.	39		60	3.75%
Harrington Construction	36	0.79%		
Frank Anthony Hair & Skincare	32	0.70%	40	2.50%
Redwoods Caterers	30	0.66%	35	2.19%
Mazey Reed & Brey Insurance	30	0.66%		
Staples	25	0.55%		
Public House Restaurant				
Pleasant Pools Inc				
Suburban Hills School				
Andrew E. Hall & Son, Inc.				
	2095	44.96%	1600	78.15%

Note: Information prior to 2006 is not available, 9 years of comparative data will eventually be presented.

Source: Morris County Economic Development Corporation

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Full-time Equivalent District Employees by Function/Program
Last Seven Fiscal Years
Unaudited**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction								
Regular	100.2	104	101.9	95.5	80.4	95.5	93.9	83.9
Special Education	17.2	19.2	20.2	18.5	36.5	21.5	22.0	20.8
Other Instruction	8.6	9.3	9.9	9.3	7.0	9.0	8.2	9.8
Support Services:								
Student and Instruction Related Services	25	24.9	25.5	19.2	21.1	20.9	21.1	29.0
School Administrative Services	10	10.6	10.6	10.6	9.2	11.6	11.6	12.0
General and Business Administrative Services	9	9	9.5	7.2	5.1	5.6	5.6	5.4
Plant Operations and Maintenance	13.4	16	15.5	14.5	16.3	13.5	13.5	14.3
Pupil Transportation	7.6	7.2	6.0	5.7	7.2	8.2	6.8	7.8
Total	<u>191</u>	<u>200.2</u>	<u>199.1</u>	<u>180.5</u>	<u>182.8</u>	<u>185.8</u>	<u>182.7</u>	<u>182.77</u>

Source: District Personnel Records

Note: Information prior to 2008 is not available, 10 years of data will eventually be presented.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	1,399	18,825,521	13,456	7.56%	121	1:11.8	1:9.67	1375.9	1,311.5	2.15%	95.32%
2007	1,408	21,029,518	14,936	10.99%	126	1:23	1:24	1392.3	1,329.3	1.19%	95.48%
2008	1,431	20,950,557	14,641	-1.98%	129	1:23	1:24	1430.0	1,393.0	2.71%	97.41%
2009	1,442	21,594,534	14,975	2.29%	133	1:21	1:21	1425.0	1,362.8	-0.35%	95.64%
2010	1,378	22,341,532	16,213	8.26%	132	1:19.5	1:20.75	1378.8	1,327.3	-3.24%	96.26%
2011	1,353	20,612,569	15,235	-6.03%	132	1:22	1:23	1351.6	1,303.5	-1.97%	96.44%
2012	1,304	20,805,221	15,955	4.73%	132	1:18.2	1:21.7	1301.8	1,260.5	-3.68%	96.83%
2013	1,241	21,846,174	17,604	10.33%	129	1:19.6	1:19.04	1235.9	1,196.6	-5.06%	96.82%
2014	1,188	21,929,563	18,459	4.86%	130	1:20	1:18.04	1189.6	1,148.2	-3.75%	96.52%
2015	1,166	22,448,758	19,253	4.30%	132	1:19	1:18	1158.7	1,126.3	-2.60%	97.20%

Source: District records

Note: Enrollment based on annual October district count.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**School Building Information
Last Seven Fiscal Years
Unaudited**

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary</u>								
Bragg (1966)								
Square Feet	58,082	58,082	58,082	58,082	58,082	58,082	58,082	58,082
Capacity (students)	396	396	396	396	396	396	396	396
Enrollment	497	507	467	456	449	436	407	352
Dickerson (1962)								
Square Feet	59,105	59,105	59,105	59,105	59,105	59,105	59,105	59,105
Capacity (students)	415	415	415	415	415	415	415	415
Enrollment	438	414	413	371	327	330	326	326
<u>Middle School</u>								
Black River Middle School (1972)								
Square Feet	73,191	73,191	73,191	73,191	73,191	73,191	73,191	73,191
Capacity (students)	497	497	497	497	497	497	497	497
Enrollment	496	504	498	520	528	473	454	454

Number of Schools at June 30, 2007

Elementary = 2

Middle School = 1

Senior High School = 0

Other = 0

Source: District Facilities Office

Note: Information prior to 2008 is not available, 10 years of data will eventually be presented.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**GENERAL FUND
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

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

*School Facilities	Square Footage	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Black River Middle School	73,191	\$115,970	\$110,141	\$117,513	\$106,556	\$93,091	\$90,176	\$96,955	\$60,063	\$45,849	\$37,454
Bragg School	58,082	92,031	87,404	93,255	84,559	73,874	71,561	76,940	45,762	39,607	23,078
Dickerson School	59,105	93,652	88,943	94,897	86,048	75,175	72,821	78,296	37,182	29,694	37,499
Grand Total		<u>301,653</u>	<u>286,488</u>	<u>305,665</u>	<u>277,163</u>	<u>242,140</u>	<u>234,558</u>	<u>252,191</u>	<u>143,007</u>	<u>115,150</u>	<u>98,031</u>

*School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Insurance Schedule
As of June 30, 2015
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
<u>PROPERTY SECTION:</u>		
Blanket building and contents (Ratable limit)	\$ 350,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	5,000
Electronic Data Processing Equipment	1,022,407	1,000
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	16,000,000	5,000
Automobile Liability	16,000,000	1,000
Employee Benefit Liability	1,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	10,000	500
Forgery	25,000	500
Theft/Disappearance/Destruction:	-	500
Inside	25,000	500
Outside	25,000	500
Computer Fraud	100,000	500
<u>SCHOOL BOARD LEGAL LIABILITY-NJSIG</u>	16,000,000	5,000
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
<u>WORKERS' COMPENSATION:</u>		
Statutory Benefits	Included	
Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
<u>SELECTIVE BONDS:</u>		
Business Administrator (7/1/14-7/3/15)	90,000	500
Treasurer (7/1/14-6/30/15)	225,000	1,000

Source: District records.

Single Audit Section



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements 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, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Chester School District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

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

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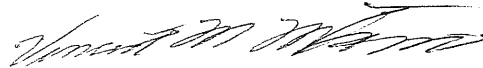
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these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

Compliance and Other Matters

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

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 the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 15, 2015

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY OMB NEW JERSEY OMB CIRCULAR LETTER 15-08

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

Report on Compliance for Each Major State Program

We have audited the Chester School District's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015. The Chester School District's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Chester School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Office of Management and Budget Circular Letter 15-08 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and New Jersey's OMB's Circular Letter 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Chester School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major State Program

In our opinion, the Board of Education of the Chester School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of the Chester School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chester School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Chester School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chester School District's internal control over compliance.

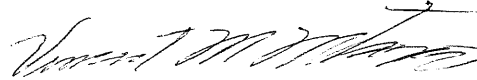
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

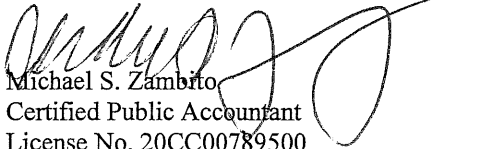
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures 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.



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Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

December 15, 2015

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2015**

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2015 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable					
General Funds:													
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	105,537	\$ -	\$ -	\$ 95,577	\$ 105,537	\$ -	\$ 105,537	\$ -	\$ (9,960)	\$ -	\$ -
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	105,537	(9,947)	9,947	9,947	-	-	-	-	(79,271)	-	-
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	839,955	(79,165)	79,165	760,684	839,955	-	839,955	-	(5,799)	-	-
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	854,658	(79,165)	79,165	775,493	-	-	-	-	(996)	-	-
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	61,450	(5,792)	5,792	55,651	61,450	-	61,450	-	(1,079)	-	-
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	62,098	(5,792)	5,792	56,306	-	-	-	-	(237,343)	-	-
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	10,550	(994)	994	9,554	10,550	-	10,550	-	-	-	-
Additional Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	10,550	(994)	994	9,554	-	-	-	-	(1,079)	-	-
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	11,430	-	10,351	10,351	11,430	-	11,430	-	-	-	-
PARCC Readiness Aid	14-495-034-5120-097	7/1/13-6/30/14	11,430	-	10,351	10,351	11,430	-	11,430	-	-	-	-
Per Pupil Growth Aid	15-100-034-5120-473	7/1/14-6/30/15	237,343	(281,975)	281,975	281,975	237,343	-	237,343	-	-	-	-
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	281,975	(281,975)	281,975	281,975	-	-	-	-	-	-	-
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	19,355	(20,357)	20,357	20,357	19,355	-	19,355	-	(19,355)	-	-
Non-Public Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	20,357	(20,357)	20,357	20,357	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	15-495-034-5095-002	7/1/14-6/30/15	665,298	(33,089)	632,066	632,066	665,298	-	665,298	-	(33,232)	-	-
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	661,146	(33,089)	632,066	632,066	-	-	-	-	-	-	-
On-Behalf TPAF PRM Contributions	15-495-034-5095-006	7/1/14-6/30/15	745,674	-	745,674	745,674	745,674	-	745,674	-	-	-	-
On-Behalf TPAF PRM Contributions	14-495-034-5095-006	7/1/13-6/30/14	469,716	-	469,716	469,716	-	-	469,716	-	-	-	-
Total General Funds			4,697,716	(431,319)	3,220,943	3,220,943	3,177,730	-	3,177,730	-	(388,114)	-	-
Special Revenue Funds:													
New Jersey Nonpublic Aid:			19,960	-	19,960	19,960	19,960	-	19,960	-	-	-	-
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	19,960	-	19,960	19,960	19,960	-	19,960	-	-	-	-
Handicapped Services:			19,766	957	19,766	19,766	11,975	-	11,975	957	-	-	7,791
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	19,766	957	19,766	19,766	11,975	-	11,975	957	-	-	7,791
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	8,599	957	9,556	9,556	-	-	-	-	-	-	-
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	13,280	6,015	13,280	13,280	6,015	-	6,015	-	-	-	-
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	4,163	2,081	6,244	6,244	-	-	-	-	-	-	-
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	31,775	2,081	31,775	31,775	31,775	-	31,775	-	-	-	-
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	10,720	-	10,720	10,720	-	-	10,720	-	-	-	-
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	10,720	-	10,720	10,720	10,720	-	10,720	-	-	-	-
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	10,720	-	10,720	10,720	-	-	-	-	-	-	-
Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	74,430	9,053	82,221	82,221	74,430	-	74,430	9,053	-	-	-
Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	74,430	9,053	82,221	82,221	-	-	-	-	-	-	-
Total Special Revenue Funds			322,092	9,053	322,092	322,092	322,092	-	322,092	9,053	-	-	-
Capital Project Funds:													
N.J. Economic Development Authority Grant	0820-020-05-0AZL		841,386	(161,598)	-	-	-	-	-	-	(161,598)	-	-
N.J. Economic Development Authority Grant	0820-030-05-0AZM		662,536	(127,312)	-	-	-	-	-	-	(127,312)	-	-
N.J. Economic Development Authority Grant	0820-040-05-0AZN		106,786	(20,510)	-	-	-	-	-	-	(20,510)	-	-
Total Capital Project Funds			1,610,708	(309,420)	-	-	-	-	-	-	(309,420)	-	-
Enterprise Funds:													
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,556	(607)	2,339	2,339	2,556	-	2,556	-	(217)	-	-
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	2,808	(607)	607	607	-	-	-	-	-	-	-
Total Enterprise Funds			5,364	(1,214)	2,946	2,946	2,556	-	2,556	-	(217)	-	-
Total All Funds			\$ 7,322,293	\$ -	\$ 3,306,110	\$ 3,306,110	\$ 3,254,724	\$ -	\$ 3,254,724	\$ 9,053	\$ (697,751)	\$ -	\$ 7,791
State Financial Assistance Not Subject To Major Program Determination:													
On-Behalf TPAF PRM Contributions	15-495-034-5095-006	7/1/14-6/30/15	745,674	(745,674)	(745,674)	(745,674)	(745,674)	-	(745,674)	-	-	-	-
On-Behalf TPAF Pension Contributions	15-495-034-5095-001	7/1/14-6/30/15	469,716	(469,716)	(469,716)	(469,716)	(469,716)	-	(469,716)	-	-	-	-
Total State Financial Assistance Not Subject To Single Audit			\$ 1,215,390	\$ -	\$ (1,215,390)	\$ (1,215,390)	\$ (1,215,390)	\$ -	\$ (1,215,390)	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Chester School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,286) in the general fund and \$200 in the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$3,175,452	\$3,175,452
Special Revenue Fund	391,307	74,430	465,737
Food Service Fund	<u>58,770</u>	<u>2,556</u>	<u>61,326</u>
Total Awards and Financial Assistance	<u>\$450,077</u>	<u>\$ 3,252,438</u>	<u>\$3,702,515</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amounts reported as TPAF Pension and Post Retirement Medical Contributions represents the amounts paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

Note 6: On-Behalf Programs Not Subject to State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | |
|---|-------------------------|
| D) Type of auditor’s report issued: | Unmodified |
| E) Internal Control over financial reporting: | |
| 1) Material weakness(es) identified? | _____yes ___X___no |
| 2) Were significant deficiencies identified
that were not considered to be material
weaknesses? | _____yes ___X___no |
| F) Noncompliance material to basic
financial statements noted? | _____yes ___X___no |

Federal Awards Section

NOT APPLICABLE

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

Part I – Summary of Auditor’s Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A Programs \$300,000.00 _____
- K) Auditee qualified as low-risk auditee? ___ X yes ___ no ___ n/a
- L) Type of auditor’s report on compliance for major programs: _____ Unmodified _____
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes ___ X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes ___ X no
- N) Any audit findings disclosed that are required To be reported in accordance with N.J, OMB Circular 15-08? _____ yes ___ X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-089	<u>STATE AID CLUSTER:</u>
15-495-034-5095-084	Special Education Categorical Aid
15-495-034-5095-085	Security Aid
15-495-034-5095-097	Additional Adjustment Aid
15-495-034-5095-098	Per Pupil Growth Aid
15-495-034-5095-002	PARCC Readiness Aid
	Reimbursed TPAF Social
	Security Contribution

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

Not Applicable

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2015

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable