

CHESTER SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

CHESTER SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
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September 23, 2016

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Chester School District in the County of Morris for the year ended June 30, 2016, and have issued our report thereon dated September 23, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated September 23, 2016, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Chester School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Mary Parasugo	Treasurer of School Monies	\$ 225,000
Melissa Simmons	Business Administrator/Board Secretary	90,000

Finding:

During our review of the surety bonds it came to our attention the Business Administration/Board Secretary was not bonded from January 2016 to June 2016. However, The Business Administration is now bonded through the New Jersey Schools Insurance Group as of July 1, 2016, no further recommendation is warranted at this time.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated overall compliance with respect to signatures, certification and supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and certified by the President of the Board, the School Business Administrator, and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures we have no comments except as noted below.

Finding:

The District did not obtain the required County Superintendent's approval for a transfer to the Capital Outlay line item account other than equipment.

Recommendation:

It is recommended that the District obtain the County Superintendent's approval for transfers to any Capital Outlay line items other than equipment.

Management's Response:

The District will ensure it obtains the County Superintendent's approval for transfers to any Capital Outlay line items other than equipment.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title IIA of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance except as noted in the below section on Other Special Federal and/or Special Projects.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding:

During our review of the grants, we noted that expenditures per the final report for the fiscal year ended June 30, 2015 for the IDEA Preschool grant was not reconciled fully with the expenditures per the accounting records. This created an over expenditure in the IDEA Preschool grant because the grant awards were not properly recorded in the accounting records. These expenditures were allocated and charged off in the General Fund.

Recommendation:

It is recommended that extra care be taken to ensure that expenditures on the IDEA Preschool final expenditures reports are in agreement with the District's accounting records, and greater care be taken when posting the carryforward to avoid over expenditures.

Management's Response:

The District will exercise care to ensure that the final expenditure report for IDEA Preschool is in agreement with the District's accounting records, and that grant awards are properly set up in the District's accounting records to avoid any over expenditures.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service was not selected as a major federal and/or state program and state and federal program expenditures did not exceed \$100,000 in federal and/or state support.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Finding:

A receipts journal which indicates the date of receipt was not maintained and collections were not always deposited in a timely manner.

Recommendation:

It is recommended that a receipts journal which indicates the date of receipt is maintained and all collections are deposited in a timely manner.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Student Body Activities (Cont'd)

Management's Response:

The District will ensure that a receipts journal is maintained and collections are deposited in a timely manner.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual education students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with a few minor exceptions. The information that was included on the workpapers was verified on a test basis with a few minor exceptions.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA grant revenue and awarding of contracts for eligible facilities construction.

Finding

The District has several older projects that have been completed. The District should review all the older projects and allow for the close-out of the projects.

Recommendation

It is recommended that the District cancel and close out all the older completed projects.

Management's Response

Administration will continue to review the older Projects for possible cancellation.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted in our testing.

Management Suggestions:

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the School District consider options to test and protect the School District from cyber-crime.

Deferred Compensation Plans

The School District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the School District. The School District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the School District fiduciary responsibilities.

Independent Contractors vs. Employees

The School District should consider reviewing the status of "Independent Contractors" utilized by the School District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

CHESTER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Surety Bond – Business Administrator

The duties of the Business Administrator have evolved over the last few decades into a position that is responsible for the collection, disbursement, and investment of the School's main funds. At the time of the passage of the statute delineating the duties of the Treasurer of School Monies the aforementioned duties were to be the responsibility of the Treasurer. Also, the statute that established the requirement for the amount of the Treasurer's bond did not contemplate the evolution of the Business Administrator's position. As a result the person most intimately involved in the handling of the main School funds is not required to be bonded in an amount commensurate with the related responsibilities. We suggest that the position of the Business Administrator be bonded in an amount at least equal to the required bond for the Treasurer of School Monies.

Approval in Minutes of Student Activities Disbursements

Consideration should be given to approving student activities disbursements in the minutes.

Confirmation of Payroll Taxes Paid by Payroll Service Provider

Consideration be given to confirming with the applicable states and federal governments that the District's payroll taxes were properly remitted to these government agencies on a regular basis.

Other Special Federal and/or State Projects

During the course of our audit, it was found that the District was not submitting requests for reimbursements on a regular basis as a result a large portion of the grants are still receivable at year end for IDEA Basic and IDEA Preschool. We suggest that the Business Administrator look into the older receivables and pursue collection on them.

Follow-up on Prior Year Recommendations

There were no audit findings in the prior year.

CHESTER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	5		1		(4)		1		1			
Half Day Preschool 4 Years Old	7		11		4		10		11		1	
Full Day Kindergarten	85		85				85		85			
Grade One	99		99				99		99			
Grade Two	97		97				97		97			
Grade Three	111		111				110		111		1	
Grade Four	91		91				91		91			
Grade Five	114		114				113		114		1	
Grade Six	115		115				114		115		1	
Grade Seven	148		148				148		148			
Grade Eight	118		118				112		118		6	
Subtotal	990		990				980		990		10	
Special Ed - Elementary	66		66				7		7			
Special Ed - Middle School	72		72				7		7			
Subtotal	138		138				14		14			
Totals	1,128		1,128				994		1,004		10	
Percentage Error					0.00%	0.00%					1.01%	0.00%

CHESTER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindegarten					5	5				
Grade One					10	10		1	1	
Grade Two					7	7		1	1	
Grade Three					11	11		1	1	
Grade Four					4	4				
Grade Five					5	5				
Grade Six					8	8		1	1	
Grade Seven					6	6		1	1	
Grade Eight					6	6		1	1	
Subtotal					62	62		6	6	
Special Ed - Elementary	1				3	3		1	1	
Special Ed - Middle School	6	2	2		3	3		1	1	
Subtotal	7	2	2		6	6		2	2	
Totals	7	2	2		68	68		8	8	
Percentage Error				0.00%			0.00%			0.00%

CHESTER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Half Day Preschool						
Half Day Kindergarten	2	2				
Grade One	10	10		2	2	
Grade Two	6	6		1	1	
Grade Three	10	10		2	2	
Grade Four	3	3		1	1	
Grade Five	4	3	(1)			
Grade Six	2	3	1			
Grade Seven	2	2				
Grade Eight	2	2				
Totals	<u>41</u>	<u>41</u>		<u>7</u>	<u>7</u>	
Percentage Error			<u>0%</u>			<u>0%</u>

CHESTER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP Not Low Income</u>					
	<u>Reported on</u> <u>A.S.S.A. as</u> <u>LEP Not Low</u> <u>Income</u>	<u>Reported on</u> <u>Workpapers</u> <u>LEP Not Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected</u> <u>from</u> <u>Workpapers</u>	<u>Verified to</u> <u>Test Scores</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Half Day Preschool						
Half Day Kindegarten	2	2				
Grade One	1	1		1	1	
Subtotal	<u>3</u>	<u>3</u>		<u>1</u>	<u>1</u>	
Special Education:						
Middle School	2	2		1	1	
Subtotal	<u>2</u>	<u>2</u>		<u>1</u>	<u>1</u>	
Totals	<u><u>5</u></u>	<u><u>5</u></u>		<u><u>2</u></u>	<u><u>2</u></u>	
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

CHESTER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	582	582		25	25	
Regular - Special Education	62	62		6	6	
Transported - Non Public	96	96		10	10	
AIL - Non Public	45	45		5	5	
Special Needs Public	38	38		5	5	
Special Needs Private	4	4		2	2	
Totals	<u>827</u>	<u>827</u>		<u>53</u>	<u>53</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.1	4.1
Average Mileage - Regular Excluding Grade PK Students	4.1	4.1
Average Mileage - Special Education with Special Needs	5.6	5.6

CHESTER SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

EXCESS SURPLUS CALCULATION**REGULAR DISTRICT****SECTION 1****A. 2% Calculation of Excess Surplus**

2015-2016 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 22,915,590</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 2,205,700</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjustment for Disallowed Expenditures per S1701	<u>\$ -0-</u> (B2c)	
Adjusted 2015-2016 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 20,709,890</u> (B3)	
2% of Adjusted 2015-2016 General Fund Expenditures [(B3) times .02]	<u>\$ 414,198</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 414,198</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 37,412</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 451,610</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 5,892,984</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 459,505</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 199,291</u> (C3)	
Other Restricted Fund Balances	<u>\$ 4,223,534</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 159,044</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 851,610</u> (U1)

CHESTER SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 400,000</u> (E)
 <i><u>Recapitulation of Excess Surplus as of June 30, 2016</u></i>	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 199,291</u> (C3)
Excess Surplus [(E)]	<u>\$ 400,000</u> (E)
 Total [(C3)+(E)]	 <u>\$ 599,291</u> (D)
 <u>Detail of Allowable Adjustments</u>	
Impact Aid	<u>\$ -0-</u> (H)
Sale and Lease Back	<u>\$ -0-</u> (I)
Extraordinary Aid	<u>\$ 19,554</u> (J1)
Additional Nonpublic School Transportation Aid	<u>\$ 17,858</u> (J2)
 Total Adjustments ((H)+(I)+(J1)+(J2))	 <u>\$ 37,412</u> (K)
 <u>Detail of Other Restricted Fund Balance</u>	
Statutory restrictions:	
Approved unspent separate proposal	<u>\$ -0-</u>
Sale/lease-back reserve	<u>\$ -0-</u>
Emergency reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 3,139,522</u>
Maintenance reserve	<u>\$ 1,084,012</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u>\$ 4,223,534</u> (C4)

CHESTER SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) The District obtain County Superintendent approval for transfers to any Capital Outlay line items other than equipment.
 - b) Extra care be taken to ensure that expenditures on the IDEA Preschool final expenditures reports are in agreement with the Districts accounting records, and greater care be taken when posting the carryforward to avoid over expenditures.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
A receipts journal which indicates the date of receipt is maintained and all collections are deposited in a timely manner.
7. Application for State School Aid
None
8. Pupil Transportation
None
9. Facilities and Capital Assets
The District cancel and close out all the older completed projects.
10. Status of Prior Year's Recommendations
None