

# School District of the Chathams

School District of the Chathams  
Board of Education  
Chatham Township  
County of Morris  
New Jersey

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2015*

**School District of the Chathams**

**Chatham, New Jersey**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION



## School District of the Chathams

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Peter Daquila  
Business Administrator/  
Board Secretary

December 9, 2015

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

Dear Board Members and Constituents:

The comprehensive annual financial report of the School District of the Chathams (the "District") as of and for the year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and the fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements (as noted in the Table of Contents) and the results of operations and cash flows, where applicable, of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, consultants, independent auditor and advisors and a roster of officials. The financial section includes the Independent Auditors' Report, Management's discussion and analysis (immediately following the Independent Auditor's Report), the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments 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 NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with any findings and questioned costs, is included in the single audit section of this report.



## 1. REPORTING ENTITY AND ITS SERVICES:

The School District of the Chathams is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB"). All funds and the Government-wide financial statements of the District are included in this report. The School District of the Chathams and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate for grade levels K through 12. These services include regular, vocational as well as special education for handicapped students. The District completed the 2014/2015 fiscal year with an average daily enrollment of 4,118 students, which is a decrease of 3 students from the previous year's average daily enrollment. The changes in average daily enrollment over the past five years are as follows:

<u>Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2014/2015	4,118	(0.07)%
2013/2014	4,121	0.27%
2012/2013	4,110	1.43%
2011/2012	4,052	2.07%
2010/2011	3,970	1.93%

## 2. ECONOMIC CONDITION AND OUTLOOK:

Both Chatham Borough and Chatham Township are situated approximately 35 minutes west of New York City by train, bus or car and are close to major airports and highways. Both communities are characterized by well-educated, well-resourced and highly supportive residents. The two communities reflect a blend of metropolitan, historic and bucolic elements that make the area highly attractive from a quality of life perspective.

Chatham Borough is primarily a residential community with a small retail center and limited commercial activities. This trend is not expected to change at any time in the near future. Chatham Borough continues to maintain its high property values and at the same time, the commercial property values have remained relatively constant.

Chatham Township is a stable, affluent, suburban municipality. Its predominately residential property tax base (90%) makes it virtually immune to individual corporate activities. A large percentage of the community's land area is wooded county park land and federal wildlife refuge. These undeveloped tracts give the community a distinctively natural, rural character, which both protect it from the higher density development more characteristic of surrounding communities and help maintain its residential property values.

The District has an approximate \$5,515,820,000 tax base, which has grown over 100% since 2000; however, both municipalities conducted a revaluation program in 2004 which affected this comparison. The tax rate is expected to continue to grow at a modest rate as a result of market appreciation. The District exhibits wealth and income levels that are well above state medians. The District has a low debt burden as a percentage of equalized valuation.

### 3. MAJOR INITIATIVES AND INSTRUCTIONAL PROGRAMS: CURRICULUM

The School District of the Chathams offers a diverse and challenging curriculum that extends beyond the New Jersey Core Curriculum Content Standards and the Common Core State Standards. Students perform at a superior level on statewide standardized tests. For each of the past three years, over 97% of Chatham High School graduates have gone on to further their education, with over 90% of these graduates attending four-year colleges or universities. In 2013, *U.S. News and World Report* placed Chatham High School among the top 1% of public high schools in the United States for student achievement and for learning in Science, Technology, Engineering, and Mathematics (S.T.E.M.) education. This past summer, *New Jersey Monthly* ranked Chatham High School as the # 1 school in the state.

Enhancing the educational experience of students is a broad set of extracurricular offerings in the arts, athletics, service organizations, and special-interest activities. Our choral and music groups have performed in venues including Carnegie Hall and Lincoln Center, multiple athletic teams have won New Jersey state championships in recent years, and other extracurricular groups—such as the Applied Physics and Engineering Club, the Academic Team, and the Model Congress/United Nations Club—have garnered recognitions and awards.

Members of this school community recognize that academic achievement is important, but not supreme. The school district is committed to developing learners in a manner that emphasizes socio-emotional needs, character, and respectfulness. Each of the district's six schools seeks to foster school environments free from bullying and rich with experiences that nurture the whole child. Similarly, the district is committed to offering programming that is based on the individual needs of students, be they academic, behavioral, or developmental in nature.

### 4. INTERNAL CONTROL:

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

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

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

#### 5. BUDGETARY CONTROLS:

In addition to internal 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 both municipalities. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

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

#### 7. DEBT ADMINISTRATION:

Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2015, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

#### 8. FINANCIAL STATUS:

The business administrator and the finance committee continue to guide the district with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from Chatham Borough and Chatham Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the district at the lowest possible price. The district has utilized the capital reserve balance to fund both the Phase 1 and Phase 2 additions to the High School instead of incurring additional debt. The capital reserve balance is also used in conjunction with the funding from the Schools Development Authority (SDA) for capital projects to maintain our aging school buildings.

#### 9. OTHER INFORMATION:

*Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP has been selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133 and State Treasury Circular Letter NJ OMB 15-08. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The

auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

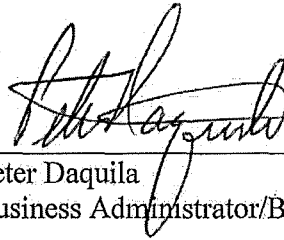
We would like to express our appreciation to the staff members of the School District of the Chathams for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff. We also would like to thank the members of the Board of Education for their support of the school system, the countless hours they spend working to guide the district and their efforts to ensure that the district continues to improve and that it remains as one of the top school districts in the state.

Respectfully submitted,



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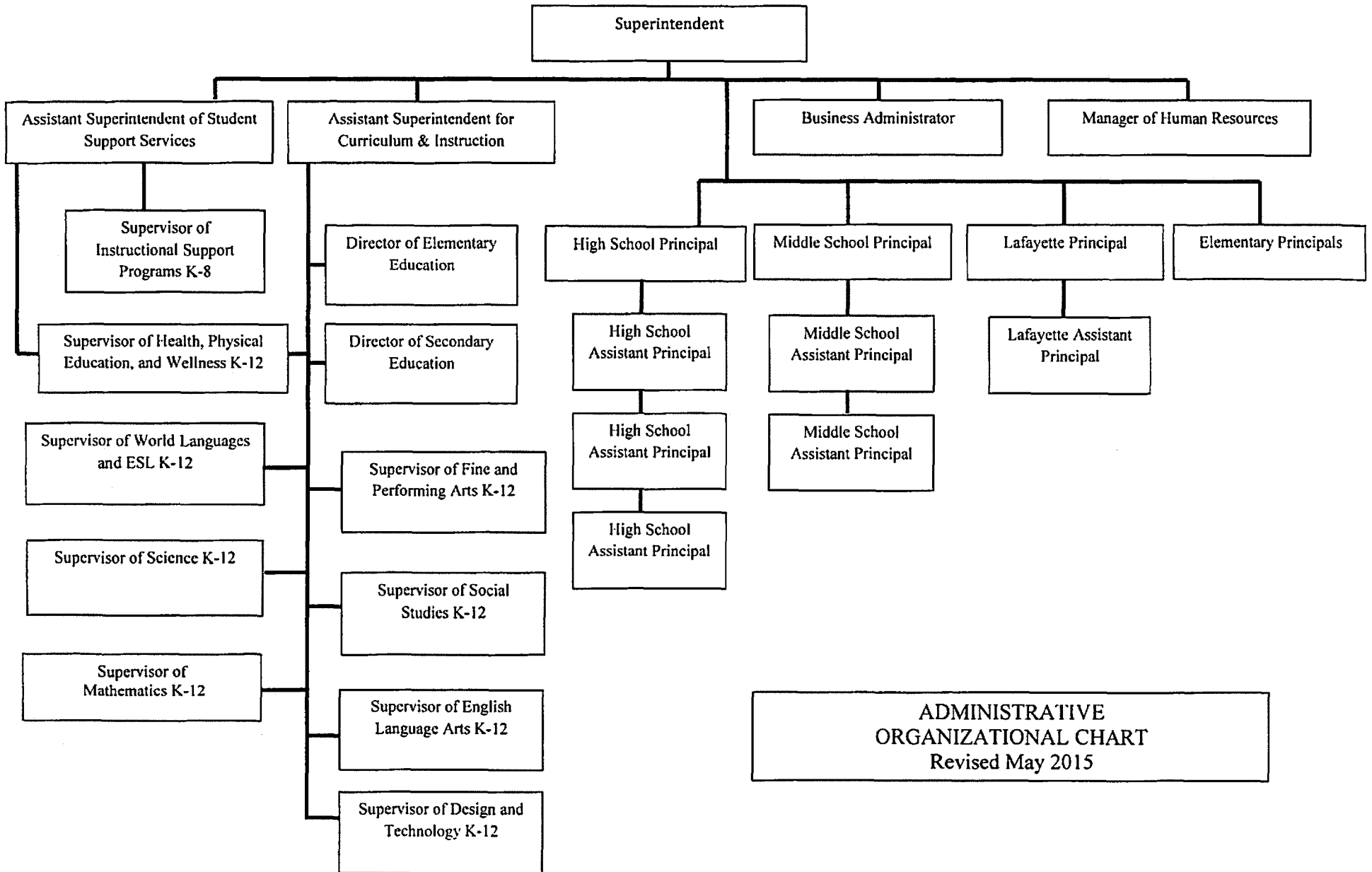
Dr. Michael LaSusa  
Superintendent



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Peter Daquila  
Business Administrator/Board Secretary

SCHOOL DISTRICT  
OF THE CHATHAMS  
ADMINISTRATION



**School District of the Chathams  
Chatham, New Jersey**

**Roster of Officials**

**June 30, 2015**

**Members of the Board of Education**

**Expires**

Jill Critchley Weber, President	2017
Matthew Gilfillan, Vice President	2016
Ann Ciccarelli	2018
Michelle Clark	2018
Richard Connors	2017
Kim Cronin	2017
Philip Franz	2016
Lata Kenney	2018
John Nonnenmacher	2016

**Other Officers**

Dr. Michael LaSusa, Superintendent of Schools

Peter Daquila, RSBA, Business Administrator/Board Secretary

Patricia MacKenzie, Assistant to the Business Administrator/Assistant Board Secretary

Annette M. Wells, Treasurer of School Monies

**School District of the Chathams  
Chatham, New Jersey**

**Consultants, Independent Auditor and Advisors**

**June 30, 2015**

**Architects**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

**Independent Auditor**

Wiss & Company, LLP  
485C Route One South  
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Iselin, NJ 08830

**Attorneys**

Cleary, Giacobbe, Alfieri, Jacobs, LLC  
169 Ramapo Valley Road  
Upper Level – Suite 105  
Oakland, NJ 07436

Paul G. Jemas, PC  
83 Roseland Avenue  
Roseland, NJ 07068

**Legal Services – Bond Counsel**

McManimon, Scotland and Baumann, LLC  
75 Livingston Avenue  
Roseland, NJ 07068

**Official Depositories**

PNC Bank  
82 Floral Avenue  
New Providence, NJ 07974

FINANCIAL SECTION





## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
School District of the Chathams  
Chatham, New Jersey  
County of Morris

### **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 School District of the Chathams, County of Morris, State of New Jersey (the "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.

### ***Auditors' Responsibility***

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

wiss.com

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484.821.5735

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 District'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 District'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 basis for our audit opinions.

### ***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 District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1.R. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which represents a change in accounting principle. As discussed in Note 18 to the financial statements, as of July 1, 2014, the District's net position was restated to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents 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 States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

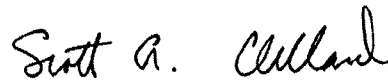
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by the 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*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

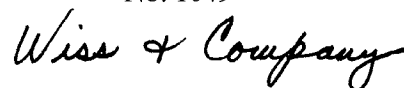
The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 9, 2015  
Iselin, New Jersey

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Board of Education  
School District of the Chathams**

**Management's Discussion and Analysis**

Year Ended June 30, 2015  
(Unaudited)

This section of the School District of the Chatham's (the "District") annual financial report presents its discussion and analysis of the District's financial performance during 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.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 22-23 of this report.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-26 of this report.

**Proprietary funds.** The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, health benefits, unemployment compensation claims and payroll related liabilities. The fiduciary fund financial statements can be found on pages 30-31 of this report.

**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. The notes to the basic financial statements can be found on pages 32-66 of this report.

**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. Combining and individual fund statements and schedules can be found on pages 67-91 of this report.

### Financial Highlights

Key financial highlights for the 2014-2015 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2015.
- The State did not change the approved state aid to the District for 2014-2015 from the final amount awarded to the District in the 2015 fiscal year.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,459,982 at the close of fiscal 2015. The following table provides a summary of net position at June 30, 2015 and 2014 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
<b>Assets:</b>						
Current and other assets	\$ 5,970,994	\$ 8,599,917	\$ 332,749	\$ 192,621	\$ 6,303,743	\$ 8,792,538
Capital assets, net	70,387,171	68,336,275	206,588	213,504	70,593,759	68,549,779
Total Assets	76,358,165	76,936,192	539,337	406,125	76,897,502	77,342,317
Deferred outflows of resources	3,159,581	524,506			3,159,581	524,506
<b>Liabilities:</b>						
Current and other liabilities	3,717,156	2,585,553	125,771	61,320	3,842,927	2,646,873
Net pension liability	13,154,473				13,154,473	
Long-term liabilities outstanding	31,815,766	32,046,612			31,815,766	32,046,612
Total Liabilities	48,687,395	34,632,165	125,771	61,320	48,813,166	34,693,485
Deferred inflow of resources	783,935				783,935	
<b>Net Position:</b>						
Net investment in capital assets	39,282,140	35,805,781	206,588	213,504	39,488,728	36,019,285
Restricted	3,267,556	3,633,817			3,267,556	3,633,817
Unrestricted (deficit)	(12,503,280)	3,388,935	206,978	131,301	(12,296,302)	3,520,236
Total Net Position	\$ 30,046,416	\$ 42,828,533	\$ 413,566	\$ 344,805	\$30,459,982	\$43,173,338

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in progress, buildings and improvements, and machinery, equipment, and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.



An additional portion of the District's net position represents resources that are subject to restrictions on how they may be used. The remaining balance represents unrestricted net position.

The total net position of the District decreased \$12,713,356 during the current fiscal year, which was mostly attributable to the restatement of the prior year net position in the amount of \$13,355,900 as a result of the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of these GASB Statements also resulted in increases in deferred outflows of resources, deferred inflows of resources and net pension liability.

Capital assets, net increased from the prior year due to the amount of new additions associated with the District's capital projects having exceeded the amount of depreciation of capital assets in the current year.

Long-term liabilities decreased due to the scheduled payment of principal on debt and the issuance of refunding bonds in November 2014.

Restricted net position decreased mainly due to the net decrease in the capital reserve account of \$471,363.

Unrestricted net position decreased mainly due the restatement of the prior year net position in the amount of \$13,355,900. The remaining decrease was a result of the timing of work to be performed on the Chatham High School expansion project, which resulted in a significantly greater amount of year-end encumbrances in the prior year. General Fund encumbrances at June 30, 2014 totaled \$3,281,687, as compared with \$594,228 at June 30, 2015.

**District Activities.** The key elements of the District's changes in net position for the years ended June 30, 2015 and 2014 are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Revenues:						
Program Revenues:						
Charges for Services	\$ 385,592	\$ 366,153	\$ 1,063,569	\$ 1,018,241	\$ 1,449,161	\$ 1,384,394
Operating Grants and Contributions	1,412,608	1,230,651	83,987	91,459	1,496,595	1,322,110
Capital Grants and Contributions	68,753	76,981			68,753	76,981
General Revenue:						
Property Taxes	60,397,848	58,611,994			60,397,848	58,611,994
State Aid	14,535,917	7,322,537			14,535,917	7,322,537
Earnings on Investments	4,086	6,137			4,086	6,137
Miscellaneous	434,592	366,796			434,592	366,796
Total Revenue	<u>77,239,396</u>	<u>67,981,249</u>	<u>1,147,556</u>	<u>1,109,700</u>	<u>78,386,952</u>	<u>69,090,949</u>
Expenses:						
Instruction	47,199,764	40,241,403			47,199,764	40,241,403
Student and Instruction related services	11,180,768	9,598,789			11,180,768	9,598,789
Administration and Business	7,880,918	6,783,558			7,880,918	6,783,558
Maintenance and Operations	6,548,910	6,434,186			6,548,910	6,434,186
Transportation	2,572,801	2,462,453			2,572,801	2,462,453
Special Schools	250,999	240,248			250,999	240,248
Charter Schools		20,005				20,005
Interest on long-term liabilities	1,031,453	1,764,143			1,031,453	1,764,143
Business Type Activities			1,078,795	1,060,277	1,078,795	1,060,277
Total Expenses	<u>76,665,613</u>	<u>67,544,785</u>	<u>1,078,795</u>	<u>1,060,277</u>	<u>77,744,408</u>	<u>68,605,062</u>
Change in Net Position	<u>573,783</u>	<u>436,464</u>	<u>68,761</u>	<u>49,423</u>	<u>642,544</u>	<u>485,887</u>
Net position - beginning	42,828,533	42,392,069	344,805	295,382	43,173,338	42,687,451
Restatement	(13,355,900)				(13,355,900)	
Net position -beginning (as restated)	<u>29,472,633</u>	<u>42,392,069</u>	<u>344,805</u>	<u>295,382</u>	<u>29,817,438</u>	<u>42,687,451</u>
Net position - ending	<u>\$ 30,046,416</u>	<u>\$ 42,828,533</u>	<u>\$ 413,566</u>	<u>\$ 344,805</u>	<u>\$ 30,459,982</u>	<u>\$ 43,173,338</u>

*Revenue Sources.* The District's total revenue for the 2014/15 school year was \$78,386,952. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$60,397,848 of the total, or 77.05 percent. Another 18.63 percent came from federal and state aids not restricted for specific programs, 2.00 percent from operating and capital grants and contributions, 1.85 percent came from charges for services and the remainder from other miscellaneous sources.

Included in the State Aid number is the TPAF, Pension and Social Security Employer Share. The increase from 2013/14 to 2014/15 can be attributed to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. Under the new GASB Statements, the District records the on-behalf pension expense and revenue for contributions incurred by the State as calculated by an actuary.

The TPAF contributions are made to districts for the reimbursement of the Employer's portion of Pension and Social Security. The School District of the Chathams primarily conducts its operations from the revenue it receives from its local taxpayers. The increase in operating grants and contributions is the result of more funds received in the current year related to local grants.

Under the New Jersey reporting guidelines, many programs that could be considered instructional programs are categorized under support services such as tuition paid for special education students placed in private or regional day schools and library/media services. Health benefits, at the option of the District, paid on behalf of employees, including instructional, may be charged under the support services category and not by program and function code.

### **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-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 \$1,238,291, while the total fund balance was \$4,848,145. The net change in total fund balance for the General Fund was a decrease of \$3,044,143, which was mainly attributable to the significant amount of capital projects funded with only local funding in the current year.

*Special Revenue Fund.* The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year were comparable to the prior fiscal year, with an increase of \$176,916 attributable mostly to an increase in local grants received. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$856,595.

*Capital Projects Fund.* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). The District was awarded funding from the N.J. Schools Development Authority for three new projects in the current year, resulting in \$155,879 of expenditures and \$68,753 of state aid recognized in the current year.

*Debt Service Fund.* The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$254,397, which is primarily attributable to the bond refunding in November 2014, which resulted in unused tax levy in the current year of \$178,009. The remaining portion of this fund balance consists of a return of \$76,388 of unexpended bond proceeds from the capital projects fund during the prior fiscal year, which has been designated for use in the 2015-2016 budget.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the Governmental fund revenues for the fiscal year ended June 30, 2015, and the increases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2014</u>	<u>Percent of Increase</u>
Local Sources	\$ 61,546,999	86.63%	\$ 1,985,245	3.33%
State Sources	8,572,918	12.07%	1,043,107	13.85%
Federal Sources	927,131	1.30%	37,447	4.21%
	<u>\$ 71,047,048</u>	<u>100.00%</u>	<u>\$ 3,065,799</u>	<u>4.51%</u>

The increase in local sources is mainly attributable to an increase in the tax levy of \$1,785,854.

The increase of \$1,043,107 or 13.85% of State sources in FY 2015 is mainly the result of an \$804,576 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District as well as a \$106,191 increase in the TPAF FICA payroll taxes paid for by the State of New Jersey on behalf of the District.

The increase of \$37,447 or 4.21% of Federal sources in FY 2015 is mainly the result of an increase in IDEA revenue of \$49,428 in the current year as a result of increased expenditures as compared with the prior year.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2015 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2014</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures:				
Instruction	\$ 29,217,240	39.44%	\$ 1,437,690	5.18%
Undistributed	37,540,537	50.68%	1,806,036	5.05%
Special Schools	157,266	0.21%	(14,844)	(8.62)%
Capital Outlay	4,412,782	5.96%	2,785,499	171.17%
Debt Service:				
Principal	1,515,000	2.04%	245,000	19.29%
Interest	1,039,879	1.40%	(427,881)	(29.15)%
Cost of Issuance	202,200	0.27%	202,200	100.00%
	<u>\$ 74,084,904</u>	<u>100.00%</u>	<u>\$ 6,013,695</u>	<u>8.83%</u>

The increase in instruction expenditures is mainly due to an increase in Salaries of Teachers of approximately \$692,000, as well as an increase in General Supplies of approximately \$438,000 mostly for the purchase of new computers.

The increase in undistributed expenditures is attributable mostly to an increase in Unallocated Benefits of approximately \$782,000 and an increase in expenditures paid for by the State of New Jersey on-behalf of the District of approximately \$910,000.

The increase in capital outlay is a result of expenditures incurred on the high school expansion project in the current year in the amount of approximately \$2,647,000.

All other fluctuations are deemed immaterial and no further explanations are deemed necessary.

### **Business-Type Activities**

The net position from the District's business-type activity increased in the 2015 fiscal year by \$68,761. This increase is primarily the result of continued profitability in the food service program.

### **General Fund Budgetary Highlights**

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts

Described on the next page are explanations for variations in revenues and 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 required.

### **Expenditures**

- The modified budget for regular programs – instruction exceeded the original budget by approximately \$521,000 or 2% as a result of an increase in general supplies to purchase new computers.
- The modified budget for undistributed expenditures – instruction decreased from the original budget by approximately \$265,000 or 2% as a result of a decrease in the number of students sent to private schools for the disabled.
- The modified budget for undistributed expenditures – other operations & maintenance of plant decreased from the original budget by approximately \$320,000 or 8% as a result of additional cost savings realized by the District on their utilities expenditures.
- The modified budget for facilities acquisition and construction services exceeded the original budget by approximately \$2,627,000 or 167% mostly as a result of prior year encumbrances rolling forward into the current year as a result of the timing of when the expenditures were incurred for ongoing projects related to the high school classroom expansion.

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

## Revenues

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$200,000 or 85% as a result of a refund of prior year expenditures of approximately \$108,000 as well as additional unbudgeted rental fee income of approximately \$45,000.

## Expenditures

- The actual amounts expended regular programs – instruction were less than the final budget by approximately \$366,000 or 2% as a result of the timing of expenditures incurred for general supplies. The District had open purchase orders of approximately \$338,000 at June 30, 2015 for general supplies.
- The actual amounts expended for undistributed expenditures – operation and maintenance of plant services were less than the final budget by approximately \$292,000 or 8% as a result of the District's continued conservation of energy based on rates negotiated with vendors and less than anticipated demands.

## Capital Assets

As of June 30, 2015, the District has capital assets, net of accumulated depreciation, of \$70,593,759 including land, construction in progress, building and building improvements and machinery, equipment, vehicles noted as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Land	\$11,616,511	\$11,616,511			\$ 11,616,511	\$ 11,616,511
Construction in Progress	59,213	1,218,948			59,213	1,218,948
Buildings and Building Improvements	53,721,249	51,401,372	\$ 37,402	\$ 38,242	53,758,651	51,439,614
Land Improvements	3,750,060	2,964,448			3,750,060	2,964,448
Machinery and Equipment	1,240,138	1,134,996	169,186	175,262	1,409,324	1,310,258
Total Capital Assets						
Net of Depreciation	<u>\$70,387,171</u>	<u>\$68,336,275</u>	<u>\$ 206,588</u>	<u>\$ 213,504</u>	<u>\$ 70,593,759</u>	<u>\$ 68,549,779</u>

More detailed information about the District's capital assets is presented in Note 5 to the District's basic financial statements.

## Debt Administration and Long-Term Liabilities

The District's long-term liabilities at June 30, 2015 and 2014 are as follows for the governmental activities:

	<u>2014/15</u>	<u>2013/14</u>
General Obligation Bonds	\$ 29,325,000	\$ 33,055,000
Premium on Bonds	3,864,159	
Compensated Absences	<u>573,504</u>	<u>516,612</u>
	<u>\$ 33,762,663</u>	<u>\$ 33,571,612</u>

More detailed information about the District's long-term liabilities is presented in Note 6 to the District's basic financial statements.

## 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 needs of the school district 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. During the preparation of the 2015-2016 budget, the District continued to utilize banked cap, and plans to continue to utilize it in the school years of 2016-2017 and 2017-2018. The District generated banked cap from enrollment adjustments and health benefits adjustments.

The Board has opted to continue zero based budgeting to ensure only effective programs/services are funded in the future. The 2015-2016 unrestricted fund balance will be limited to 2% of our budget as per the New Jersey Department of Education regulations. Thus, it will be more important than ever to develop a budget that will closely reflect actual expenditures since the small unrestricted fund balance will not permit much flexibility. Looking ahead to the development of the 2016-2017 budget, there will be increased demands for more teaching staff, supplies and equipment due to continued expected enrollment increases (This despite the trend elsewhere in the state). This will be made more difficult because of the New Jersey Department of Education's new funding law. This 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. Further the State has made it clear that they are moving to reduce the number of school districts in the state by consolidating neighboring districts or at a minimum to see shared services.

## Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office of the School Business Administrator, 58 Meyersville Road, Chatham, New Jersey 07928.

Basic Financial Statements



GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,732,073	\$ 314,784	\$ 3,046,857
Receivables	779,512	12,118	791,630
Inventory		5,847	5,847
Restricted assets:			
Cash and cash equivalents	2,459,409		2,459,409
Capital assets, non-depreciable	11,675,724		11,675,724
Capital assets, depreciable, net	<u>58,711,447</u>	<u>206,588</u>	<u>58,918,035</u>
Total Assets	<u>76,358,165</u>	<u>539,337</u>	<u>76,897,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on defeasance of debt	2,084,128		2,084,128
Pension deferrals	<u>1,075,453</u>		<u>1,075,453</u>
Total Deferred Outflows of Resources	<u>3,159,581</u>		<u>3,159,581</u>
<b>LIABILITIES</b>			
Accounts payable	1,038,208	59,958	1,098,166
Accrued interest payable	552,801		552,801
Payable to state government	21,326		21,326
Unearned revenue	157,924	65,813	223,737
Net pension liability	13,154,473		13,154,473
Noncurrent liabilities:			
Due within one year	1,946,897		1,946,897
Due beyond one year	<u>31,815,766</u>	<u>-</u>	<u>31,815,766</u>
Total Liabilities	<u>48,687,395</u>	<u>125,771</u>	<u>48,813,166</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension deferrals	<u>783,935</u>		<u>783,935</u>
<b>NET POSITION</b>			
Net investment in capital assets	39,282,140	206,588	39,488,728
Restricted for:			
Capital projects	251,930		251,930
Other purposes	3,015,626		3,015,626
Unrestricted (deficit)	<u>(12,503,280)</u>	<u>206,978</u>	<u>(12,296,302)</u>
Total Net Position	<u>\$ 30,046,416</u>	<u>\$ 413,566</u>	<u>\$ 30,459,982</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Activities  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 33,596,430	\$ 251,032	\$ 530,377	\$ 68,753	\$ (32,746,268)		\$ (32,746,268)
Special education	10,662,996		856,252		(9,806,744)		(9,806,744)
Other instruction	2,940,338				(2,940,338)		(2,940,338)
Support services:							
Student and instruction related services	11,180,768		25,979		(11,154,789)		(11,154,789)
School administration services	4,404,002				(4,404,002)		(4,404,002)
General and business administration services	3,476,916				(3,476,916)		(3,476,916)
Operation and maintenance of plant services	6,548,910				(6,548,910)		(6,548,910)
Pupil transportation	2,572,801	134,560			(2,438,241)		(2,438,241)
Special schools	250,999				(250,999)		(250,999)
Interest and other costs on long-term debt	1,031,453				(1,031,453)		(1,031,453)
Total governmental activities	<u>76,665,613</u>	<u>385,592</u>	<u>1,412,608</u>	<u>68,753</u>	<u>(74,798,660)</u>		<u>(74,798,660)</u>
<b>Business-type activities:</b>							
Food Service	1,078,795	1,063,569	83,987	-	-	\$ 68,761	68,761
Total business-type activities	<u>1,078,795</u>	<u>1,063,569</u>	<u>83,987</u>	<u>-</u>	<u>-</u>	<u>68,761</u>	<u>68,761</u>
Total primary government	<u>\$ 77,744,408</u>	<u>\$ 1,449,161</u>	<u>\$ 1,496,595</u>	<u>\$ 68,753</u>	<u>(74,798,660)</u>	<u>68,761</u>	<u>(74,729,899)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					57,742,606		57,742,606
Property taxes, levied for debt service					2,655,242		2,655,242
State aid not restricted					14,535,917		14,535,917
Investment Earnings					4,086		4,086
Miscellaneous Income					434,592		434,592
Total general revenues					<u>75,372,443</u>		<u>75,372,443</u>
Change in Net Position					573,783	68,761	642,544
Net Position—beginning (as restated)					<u>29,472,633</u>	<u>344,805</u>	<u>29,817,438</u>
Net Position—ending					<u>\$ 30,046,416</u>	<u>\$ 413,566</u>	<u>\$ 30,459,982</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,037,812	\$ 136,610	\$ 303,254	\$ 254,397	\$ 2,732,073
Intergovernmental Accounts Receivable					
State	720,839		22,025		742,864
Federal		11,753			11,753
Other	24,895				24,895
Interfunds receivable	73,349				73,349
Restricted cash and cash equivalents	2,459,409	-	-	-	2,459,409
Total Assets	<u>\$ 5,316,304</u>	<u>\$ 148,363</u>	<u>\$ 325,279</u>	<u>\$ 254,397</u>	<u>\$ 6,044,343</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 436,298	\$ 974			\$ 437,272
Interfunds payable			\$ 73,349		73,349
Payable to state government		21,326			21,326
Unearned revenue	31,861	126,063	-		157,924
Total Liabilities	<u>468,159</u>	<u>148,363</u>	<u>73,349</u>		<u>689,871</u>
Fund Balances:					
Restricted for:					
Excess surplus - current year	273,727				273,727
Excess surplus - designated for subsequent year's expenditures	282,490				282,490
Capital reserve	2,459,409				2,459,409
Capital projects			251,930		251,930
Debt service				\$ 254,397	254,397
Assigned to:					
Other Purposes	594,228				594,228
Unassigned Fund Balance Reported In:					
General fund	1,238,291	-	-	-	1,238,291
Total Fund Balances	<u>4,848,145</u>	<u>-</u>	<u>251,930</u>	<u>254,397</u>	<u>5,354,472</u>
Total Liabilities and Fund Balances	<u>\$ 5,316,304</u>	<u>\$ 148,363</u>	<u>\$ 325,279</u>	<u>\$ 254,397</u>	<u>6,044,343</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$98,900,337 and the accumulated depreciation is \$28,513,166.	70,387,171
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(33,762,663)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(552,801)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,084,128
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	291,518
Accrued pension contributions for the June 30, 2015 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(600,936)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(13,154,473)</u>
Net position of governmental activities	<u>\$ 30,046,416</u>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2015**

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 57,742,606			\$ 2,655,242	\$ 60,397,848
Tuition charges	251,032				251,032
Transportation fees	134,560				134,560
Interest earned on investments	4,086				4,086
Miscellaneous	434,592	\$ 324,881		-	759,473
Total - Local Sources	<u>58,566,876</u>	<u>324,881</u>		<u>2,655,242</u>	<u>61,546,999</u>
State sources	8,343,569	160,596	\$ 68,753		8,572,918
Federal sources	-	927,131	-	-	927,131
Total Revenues	<u>66,910,445</u>	<u>1,412,608</u>	<u>68,753</u>	<u>2,655,242</u>	<u>71,047,048</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	21,295,442	530,377			21,825,819
Special education instruction	4,594,683	856,252			5,450,935
Other instruction	1,940,486				1,940,486
Support services and undistributed costs:					
Tuition	2,437,142				2,437,142
Attendance/social work	62,704				62,704
Health services	646,778				646,778
Other support services	4,365,423	25,979			4,391,402
Improvement of instruction	681,907				681,907
School library	870,424				870,424
Instructional staff training	590,801				590,801
General administration services	1,097,073				1,097,073
School administration services	2,768,155				2,768,155
Central services	765,841				765,841
Administrative information technology	554,949				554,949
Required maintenance of school facility	1,003,783				1,003,783
Operations of plant services	3,448,907				3,448,907
Care and upkeep of grounds	181,119				181,119
Security	260,094				260,094
Pupil transportation services	2,556,692				2,556,692
Unallocated benefits	9,378,717				9,378,717
On-behalf TPAF social security and pension contributions	5,844,049				5,844,049
Debt service:					
Principal				1,515,000	1,515,000
Interest				1,039,879	1,039,879
Cost of issuance				202,200	202,200
Special schools	157,266				157,266
Capital outlay	4,256,903	-	155,879	-	4,412,782
Total Expenditures	<u>69,759,338</u>	<u>1,412,608</u>	<u>155,879</u>	<u>2,757,079</u>	<u>74,084,904</u>
(Deficiency) of revenues (under) expenditures	<u>(2,848,893)</u>		<u>(87,126)</u>	<u>(101,837)</u>	<u>(3,037,856)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	83,593		278,843		362,436
Transfers (out)	(278,843)		(83,593)		(362,436)
Equity contribution				70,000	70,000
Refunding bonds issued				28,545,000	28,545,000
Premium on refunding bonds issued				4,024,722	4,024,722
Payment to refunding bond escrow agent	-			(32,437,522)	(32,437,522)
Total Other Financing Sources and (Uses)	<u>(195,250)</u>		<u>195,250</u>	<u>202,200</u>	<u>202,200</u>
Net change in fund balances	(3,044,143)		108,124	100,363	(2,835,656)
Fund Balance—July 1	7,892,288	-	143,806	154,034	8,190,128
Fund Balance—June 30	<u>\$ 4,848,145</u>	<u>\$ -</u>	<u>\$ 251,930</u>	<u>\$ 254,397</u>	<u>\$ 5,354,472</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

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

**Total net change in fund balances - governmental funds (from B-2)** \$ (2,835,656)

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 asset (capital outlay) additions exceeded depreciation expense in the period. asset (capital outlay) additions in the period.

Depreciation expense	\$ (2,248,427)	
Capital additions	<u>4,299,323</u>	2,050,896

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,515,000

Proceeds from debt issuances are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases liabilities in the statement of net position. (28,545,000)

The repayment of the principal of long-term debt, loans and capital leases consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position. 30,760,000

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.

Premium on current year refunding bonds	(4,024,722)	
Amortization of premium	<u>160,563</u>	(3,864,159)

Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.

Deferred loss on current year refunding	1,674,091	
Amortization of deferred loss	<u>(114,469)</u>	1,559,622

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. 97,963

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. (56,892)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense		<u>(107,991)</u>
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**Change in net position of governmental activities (A-2)** \$ 573,783



PROPRIETARY FUND

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Net Position  
June 30, 2015**

	<b>Major Enterprise Fund <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 314,784
Accounts receivable:	
State	434
Federal	3,508
Other	8,176
Inventories	5,847
Total Current Assets	<u>332,749</u>
Noncurrent assets:	
Capital assets:	
Furniture, machinery and equipment	426,764
Less accumulated depreciation	<u>(220,176)</u>
Total Capital Assets, net	<u>206,588</u>
Total Assets	<u>539,337</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	59,958
Unearned revenue	<u>65,813</u>
Total Current Liabilities	<u>125,771</u>
<b>NET POSITION</b>	
Net investment in capital assets	206,588
Unrestricted	<u>206,978</u>
Total Net Position	<u>\$ 413,566</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Year Ended June 30, 2015**

	<b>Major Enterprise Fund Food Service</b>
<b>Operating Revenues:</b>	
Charges for services:	
Daily sales - reimbursable programs	\$ 1,046,078
Daily sales - non-reimbursable programs	17,491
Total Operating Revenues	<u>1,063,569</u>
 <b>Operating Expenses:</b>	
Cost of sales	497,992
Salaries	336,397
Employee benefits	59,383
Other purchased services	20,233
Management fee	84,000
Supplies and materials	59,246
Miscellaneous	1,264
Depreciation	<u>20,280</u>
Total Operating Expenses	<u>1,078,795</u>
Operating (Loss)	<u>(15,226)</u>
 <b>Nonoperating Revenues:</b>	
State sources:	
State school lunch program	3,974
Federal sources:	
National school lunch program	43,142
Food donation program	<u>36,871</u>
Total Nonoperating Revenues	<u>83,987</u>
Change in Net Position	68,761
 Total Net Position—Beginning	 <u>344,805</u>
Total Net Position—Ending	<u>\$ 413,566</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Cash Flows  
Year Ended June 30, 2015**

	<b>Major Enterprise Fund Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,068,456
Payments to employees	(336,397)
Payments for employee benefits	(59,383)
Payments to suppliers	<u>(599,778)</u>
Net cash provided by operating activities	<u>72,898</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	4,187
Federal sources	43,955
Food donation program	<u>36,477</u>
Net cash provided by noncapital financing activities	<u>84,619</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(13,364)</u>
Net cash (used for) capital and related financing activities	<u>(13,364)</u>
Net increase in cash and cash equivalents	144,153
Cash and cash equivalents, beginning of year	<u>170,631</u>
Cash and cash equivalents, end of year	<u>\$ 314,784</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>	
Operating (loss)	\$ (15,226)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	20,280
Changes in assets and liabilities:	
Decrease in inventories	901
Decrease in other accounts receivable	2,098
Increase in unearned revenue (non-commodities)	4,887
Increase in accounts payable	<u>59,958</u>
Total adjustments	88,124
Net cash provided by operating activities	<u>\$ 72,898</u>

*Noncash noncapital financing activities:*

The District received \$36,477 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

FIDUCIARY FUNDS

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015**

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 306,486	\$ 26,483	\$ 516,498
Total Assets	306,486	26,483	516,498
<b>LIABILITIES</b>			
Payroll deductions and withholdings payable			\$ 74,457
Unemployment claims payable	19,198		
Due to student groups	-		442,041
Total Liabilities	19,198		\$ 516,498
<b>NET POSITION</b>			
Held in trust for unemployment claims	\$ 287,288		
Held in trust for scholarships		\$ 26,483	

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

	<b>Unemployment Compensation Trust Fund</b>	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employee	\$ 65,000	
Other	-	\$ 8,400
Total Contributions	<u>65,000</u>	<u>8,400</u>
Investment earnings:		
Interest	116	12
Total investment earnings	<u>116</u>	<u>12</u>
Total Additions	<u>65,116</u>	<u>8,412</u>
<b>DEDUCTIONS</b>		
Unemployment claims	66,984	-
Scholarships awarded	-	8,650
Bank Fees	-	628
Total Deductions	<u>66,984</u>	<u>9,278</u>
Change in Net Position	<u>(1,868)</u>	<u>(866)</u>
Net Position—beginning	<u>289,156</u>	<u>27,349</u>
Net Position—ending	<u>\$ 287,288</u>	<u>\$ 26,483</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the School District of the Chathams in Chatham, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

#### **B. Government-Wide and Fund Financial Statements**

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



## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **1. Summary of Significant Accounting Policies (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all non-fiduciary funds to be reported as major to promote consistency among the school districts in the State of New Jersey.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

The District has reported the following major governmental funds:

*General Fund:* The general fund is the general operating fund of the District and 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 moveable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

*Special Revenue Fund:* The District maintains one combined special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds).

*Debt Service Fund:* The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

*Food Service Enterprise Fund:* The food service enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District and include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (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. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

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

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

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for sales of food and tuition. Operating expenses for the enterprise fund include the cost of sales, salary expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheets and statements of net position and revenue is recognized.

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."

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Borough and Township Tax Collectors are responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

#### D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The 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 and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The District must approve all budget amendments and certain transfers must be approved by the County Superintendent of Schools. The District did make transfers during the year, which are identified on schedules C-1 and C-2. Some of the transfers made were in significant amounts, but all were in the normal course of operations, properly approved and in compliance with State requirements.

The overexpenditure in the general fund is due to the inclusion of the non-budgeted 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.

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 accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last two state aid payments 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. Open encumbrances at year-end are reappropriated in the subsequent year's budget. 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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### E. Interfund Receivables/Payables

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

#### F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and the District uses the consumption method for expensing inventory. At June 30, 2015, the District had inventories in the Food Service Enterprise Fund in the amount of \$5,847, of which, the portion of unused Food Donation Program commodities in the amount of \$1,939 is reported as unearned revenue.

#### G. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

#### I. Compensated Absences

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 one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, a liability existed for compensated absences in the government-wide financial statements in the amount of \$573,504 and no liability existed for compensated absences in the proprietary fund.

#### J. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. The amortization expense for the year ended June 30, 2015 amounted to \$114,469. As of June 30, 2015, the District has an unamortized balance of \$2,084,128 recorded as a deferred outflow of resources.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash received from federal, state and local grants, which has been received but not yet earned. Unearned revenue in the general fund represents cash received for 2015-16 tuition for the District's Inclusion Preschool.

#### L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. 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, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$4,848,145 of fund balances in the General Fund, \$594,228 of encumbrances is assigned to other purposes, \$273,727 has been restricted for excess surplus-current year, \$282,490 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$2,459,409 has been restricted for the capital reserve, and \$1,238,291 is classified as unassigned. The District also has \$251,930 of fund balance in the Capital Projects Fund, which is restricted for capital projects and \$254,397 in the Debt Service Fund, which is restricted for debt service.

### N. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement in the 2013 fiscal year resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements.



# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### **O. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **P. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$7,651,475 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

### **Q. Calculation of Excess Surplus**

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund 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 was \$556,217. Of this amount, \$282,490 has been appropriated in the 2015/16 budget and the remaining \$273,727 will be appropriated in the 2016/17 budget.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### R. GASB Pronouncements

##### **GASBs Implemented in the 2015 Fiscal Year**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

### S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 9, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure, other than the following:

In August 2015, the District entered into an agreement to finance energy conservation measures pursuant to an Energy Savings Improvement Plan ("ESIP") for an amount not to exceed \$5,440,000. The District will be utilizing the savings from the energy plan to make the lease payments.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 2. Reconciliation of Government-Wide and Fund Financial Statements

#### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and related premiums and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$33,762,663 difference are as follows:

Bonds payable	\$ 29,325,000
Premium on bonds	3,864,159
Compensated absences payable	<u>573,504</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 33,762,663</u>

### 3. Deposits and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and 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.

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 Act. Public

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **3. Deposits and Investments (continued)**

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.

#### **Deposits**

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

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

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

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

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2015, the carrying amount of the District's deposits was \$6,355,733 and the bank balance was \$7,301,751. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2015 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$6,236,846. \$814,905 held in the District agency accounts are not covered by GUDPA.

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### 3. Deposits and Investments (continued)

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 the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, 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.

#### Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

*Custodial Credit Risk:* Pursuant to GASB 40, the District did not have any investments that were exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

*Credit Risk:* The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure 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 policy to limit interest rate risk. The District did not have any investments at June 30, 2015.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 3. Deposits and Investments (continued)

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2015, the District had no investments.

### 4. Capital Reserve Account

A capital reserve account was established by the Board for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning balance, July 1, 2014	\$ 2,930,771
Deposits:	
Approved by Board Resolution at the June 15, 2015 meeting	850,000
Return of unused funds from 2013/14 withdrawal	239,257
Return of unused funds from 2014/15 withdrawal	9,381
Withdrawal:	
Budgeted withdrawal	<u>(1,570,000)</u>
Ending balance, June 30, 2015	<u>\$ 2,459,409</u>

\$512,459 of this amount was appropriated in the 2015-16 approved budget. The balance is available for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan (LRFP). The June 30, 2015 balance of local support costs of uncompleted projects was in excess of the amount held in the capital reserve account.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**5. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2015:

	Beginning Balance	Increases	Reallocations/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	1,218,948	\$ 55,063	\$ (1,214,798)	59,213
Total capital assets, not being depreciated	12,835,459	55,063	(1,214,798)	11,675,724
Capital assets, being depreciated:				
Buildings and building improvements	72,098,486	2,832,203	1,214,798	76,145,487
Land improvements	6,543,667	1,103,870		7,647,537
Machinery, equipment and vehicles and intangible assets	3,123,402	308,187		3,431,589
Total capital assets being depreciated	81,765,555	4,244,260	1,214,798	87,224,613
Less accumulated depreciation for:				
Buildings and building improvements	(20,697,114)	(1,727,124)		(22,424,238)
Land improvements	(3,579,219)	(318,258)		(3,897,477)
Machinery, equipment and vehicles and intangible assets	(1,988,406)	(203,045)	-	(2,191,451)
Total accumulated depreciation	(26,264,739)	(2,248,427)	-	(28,513,166)
Total capital assets, being depreciated, net	55,500,816	1,995,833	-	58,711,447
Governmental activities capital assets, net	\$ 68,336,275	\$ 2,050,896	\$ -	\$ 70,387,171

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

Instruction	
Regular	\$ 1,050,865
Special education	262,450
Other	93,430
Support services	
Student and instruction related services	348,783
School administration services	133,281
General and business administration services	116,415
Operation and maintenance of plant services	235,631
Special schools	7,572
Total depreciation expense – governmental activities	<u>\$ 2,248,427</u>



# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 5. Capital Assets (continued)

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2015:

	Beginning Balance	Increases	Ending Balance
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Building improvements	\$ 42,022		\$ 42,022
Machinery and equipment	371,378	\$ 13,364	384,742
Total capital assets, being depreciated	413,400	13,364	426,764
Less accumulated depreciation for:			
Building improvements	(3,780)	(840)	(4,620)
Machinery and equipment	(196,116)	(19,440)	(215,556)
Total accumulated depreciation	(199,896)	(20,280)	(220,176)
Total business-type activities capital assets, net	\$ 213,504	\$ (6,916)	\$ 206,588

### 6. Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 33,055,000	\$ 28,545,000	\$ (32,275,000)	\$ 29,325,000	\$ 1,490,000
Premium on bonds		4,024,722	(160,563)	3,864,159	256,897
Compensated absences payable	516,612	137,202	(80,310)	573,504	200,000
Governmental activities long-term liabilities	\$ 33,571,612	\$ 32,706,924	\$ (32,515,873)	\$ 33,762,663	\$ 1,946,897

The compensated absences are expected to be paid from general fund appropriations. Bonds payable are expected to be paid from debt service fund appropriations.

### Bonds Payable

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

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### 6. Long-Term Liabilities (continued)

Bonds payable at June 30, 2015 are comprised of the following issues:

\$4,993,000, 1995 school improvement bonds, due in the amount of \$240,000 on August 1, 2015 at an interest rate of 4.60%.

\$20,525,000, 2005 school improvement bonds, due in annual installments ranging from \$340,000 to \$2,790,000 through July 15, 2030 at interest rates ranging from 4.25% to 4.375%. These bonds were refunded in November 2014 and the District is only obligated for remaining payments ranging from \$355,000 to \$375,000 through July 2016 at an interest rate of 4.25%.

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$30,000 to \$2,695,000 through July 2030 at interest rates ranging from 2.00% to 5.00%.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$865,000 to \$1,385,000 through January 2026 at interest rates ranging from 2.00% to 5.00%.

In November 2014, the District issued \$28,545,000 of School District Refunding Bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$16,900,000 of 2005 Series School Improvement Bonds and \$13,860,000 of 2001 Series Refunding Bonds. As of June 30, 2015, the amount of defeased bonds outstanding is \$16,900,000. The savings from the refunding was \$3,797,282 with a net present value savings of \$3,179,881.

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

	Principal	Interest	Total
Year ending June 30:			
2016	\$ 1,490,000	\$ 1,193,751	\$ 2,683,751
2017	1,285,000	1,154,819	2,439,819
2018	1,325,000	1,114,675	2,439,675
2019	1,370,000	1,074,765	2,444,765
2020	1,415,000	1,033,450	2,448,450
2021-2025	8,175,000	4,082,400	12,257,400
2026-2030	11,570,000	1,789,075	13,359,075
2031	2,695,000	53,900	2,748,900
	\$29,325,000	\$11,496,835	\$40,821,835

At June 30, 2015, the District had bonds and not authorized but not issued in the amount of \$171.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 7. Operating Leases

The District has commitments to lease copiers, mail equipment and other equipment under operating leases which expire in the 2020 fiscal year. Total operating lease payments made during the year ended June 30, 2015 were \$114,940. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2016	\$ 96,828
2017	85,787
2018	79,199
2019	72,299
2020	36,381
Total lease payments	<u>\$ 370,494</u>

### 8. Pension Plans

#### Plan Descriptions

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 State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, 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 Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

#### Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **8. Pension Plans (continued)**

an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

#### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment.

Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **8. Pension Plans (continued)**

##### **Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2015, the State of New Jersey contributed \$3,775,491 to the TPAF for on-behalf medical and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,068,558 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. These amounts have been included in the district-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2015, 2014 and 2013 were \$579,208, \$526,549, and \$554,543 respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**8. Pension Plans (continued)**

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

Public Employee's Retirement System (PERS)

At June 30, 2015, the District reported a liability of \$13,154,473 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 used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.0702593563 percent, which was an increase of 0.0003770373 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized full accrual pension expense of \$687,199 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 413,647	\$ -
Net difference between projected and actual earnings on pension plan investments	-	783,935
Changes in proportion and differences between District contributions and proportionate share of contributions	60,870	-
District contributions subsequent to the measurement date	600,936	-
	<u>\$ 1,075,453</u>	<u>\$ 783,935</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 8. Pension Plans (continued)

\$600,936 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (108,757)
2017	(108,757)
2018	(108,757)
2019	(108,756)
2020	87,227
Thereafter	38,382
	<u>\$ (309,418)</u>

#### *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 to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

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.

#### *Mortality Rates*

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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**8. Pension Plans (continued)**

*Long-Term 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 PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 Markets	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%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 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



School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**8. Pension Plans (continued)**

payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above 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 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 16,548,775	\$ 13,154,473	\$ 10,304,123

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,146,719,012
Collective net pension liability - Local Group	\$ 18,722,735,003
District's Proportion	0.0702593563%

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **8. Pension Plans (continued)**

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

#### Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2014 was \$142,195,918. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used 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 State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2660515944 percent, which was an increase of 0.0028227447 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$7,651,475 for contributions incurred by the State.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**8. Pension Plans (continued)**

*Actuarial assumptions*

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

*Mortality Rates*

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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 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.

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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**8. 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 TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 Bonds	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 Fund / 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%
	100.00%	

## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### 8. Pension Plans (continued)

##### *Discount Rate*

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 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. 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 payments after that date in determining the total pension liability.

##### *Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>At 1% Decrease (3.68%)</b>	<b>At Current Discount Rate (4.68%)</b>	<b>At 1% Increase (5.68%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 171,024,337	\$ 142,195,918	\$ 118,218,215

##### *Pension plan fiduciary net position*

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

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 8. Pension Plans (continued)

#### Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$	2,389,959,068
Collective deferred inflows of resources	\$	1,846,540,800
Collective net pension liability - Local Group	\$	53,813,067,539
State's proportionate share associated with the District		0.2660515944%

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

### 9. Post-Retirement Benefits

#### *Plan Description*

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

#### *Funding Policy*

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**9. Post-Retirement Benefits (continued)**

credited service or on a disability retirement. P.L. 2007, Chapter 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 receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding 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 employer paid health benefits to members of PERS and the Alternate Benefit Program 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 State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the 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 SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$2,316,364, \$1,845,408, and \$1,923,252 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

**10. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2015 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 73,349	
Capital Projects Fund		\$ 73,349
	\$ 73,349	\$ 73,349

The interfund between the general fund and capital projects fund represents cash due back to the general fund as a result of the return of funding to original sources for completed projects. All interfund balances are expected to be repaid within one year.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 11. Transfers

The following presents a reconciliation of transfers during the 2015 fiscal year:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 83,593	\$ 278,843
Capital Projects Fund	278,843	83,593
	<u>\$ 362,436</u>	<u>\$ 362,436</u>

The transfer out of the general fund to the capital projects fund represents the District's local share of three new projects which started in the current fiscal year. The transfer out of the capital projects fund to the general fund was to return unexpended local proceeds for capital projects which are now completed.

### 12. Economic Dependency

The District receives its support from federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

### 13. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2015 may be impaired. In addition, the District received funding from the New Jersey Schools Development Authority ("NJSDA") relating to certain referendum projects and local projects funded with capital outlay funds. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.



## School District of the Chathams

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **13. Contingent Liabilities (continued)**

The District is involved in several other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

#### **14. 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.

##### **Property, Liability and Health Benefits**

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

##### **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.

#### **15. Deferred Compensation Plans**

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

The plan administrators are as follows:

AIG Valic  
AXA Equitable  
Citistreet Metro TSA  
FTJ Fund Choice  
Galic

ING Financial Advisors  
Matrix Financial Group, Inc.  
Metropolitan Life Insurance Co.  
Prudential Annuities  
The Vanguard Group

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 16. Restricted Assets

The funds set aside for capital reserve are classified as restricted assets (cash and cash equivalents) as they are restricted for use for future capital requirements.

### 17. Commitments

The District has contractual commitments at June 30, 2015 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$594,228 and in the capital projects fund as balance assigned to other purposes in the amount of \$264,988.

### 18. Change in Accounting Principle / Restatement

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	<b>Governmental Activities</b>
Beginning Net Position - June 30, 2014	<u>\$ 42,828,533</u>
Adjustments:	
Recognition of Net Pension Liability	(13,355,900)
Deferred outflow for PERS FY2015 Pension Payment	579,208
Accounts Payable for PERS FY2015 Pension Payment	<u>(579,208)</u>
Adjustment	<u>(13,355,900)</u>
Beginning Net Position - June 30, 2014 (as restated)	<u>\$ 29,472,633</u>

Required Supplementary Information - Part II

School District of the Chathams  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Public Employee's Retirement System

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
District's proportion of the net pension liability (asset) - Local Group	0.0702593558%
District's proportionate share of the net pension liability (asset)	\$ 13,154,473
District's covered-employee payroll	\$ 4,938,645
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.36%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**Notes to Required Supplementary Information:**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

School District of the Chathams  
 Schedule of District Contributions  
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,
	2015
Contractually required contribution	\$ 600,936
Contributions in relation to the contractually required contribution	(600,936)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 4,938,645
Contributions as a percentage of covered-employee payroll	12.17%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

School District of the Chathams  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2660515944%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 142,195,918
Total proportionate share of the net pension liability (asset) associated with the District	\$ 142,195,918
Plan fiduciary net position as a percentage of the total pension liability	33.64%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**Notes to Required Supplementary Information:**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014.

Required Supplementary Information - Part III  
Budgetary Comparison

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
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>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 57,742,607		\$ 57,742,607	\$ 57,742,606	\$ (1)
Tuition	232,000		232,000	251,032	19,032
Transportation Fees	100,000		100,000	134,560	34,560
Interest Earned on Investments	7,000		7,000	4,086	(2,914)
Miscellaneous	235,000		235,000	434,592	199,592
<b>Total - Local Sources</b>	<u>58,316,607</u>		<u>58,316,607</u>	<u>58,566,876</u>	<u>250,269</u>
State Sources:					
Categorical Special Education Aid	1,657,762		1,657,762	1,657,762	
Transportation Aid	151,760		151,760	151,760	
Security Aid	62,418		62,418	62,418	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	40,600		40,600	40,600	
Per Pupil Growth Aid	40,600		40,600	40,600	
Non-Public Transportation Aid				47,862	47,862
Extraordinary Aid	400,000		400,000	475,109	75,109
TPAF Pension (On-Behalf - Non-Budgeted)				3,775,491	3,775,491
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	2,068,558	2,068,558
<b>Total State Sources</b>	<u>2,353,141</u>		<u>2,353,141</u>	<u>8,320,161</u>	<u>5,967,020</u>
<b>Total Revenues</b>	<u>60,669,748</u>		<u>60,669,748</u>	<u>66,887,037</u>	<u>\$ 6,217,289</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	658,735	\$ (5,248)	653,487	653,486	1
Grades 1-5 - Salaries of Teachers	6,992,392	(106,214)	6,886,178	6,882,545	3,633
Grades 6-8 - Salaries of Teachers	4,915,498	(6,315)	4,909,183	4,905,689	3,494
Grades 9-12 - Salaries of Teachers	6,293,722	14,700	6,308,422	6,308,395	27
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	40,000	9,080	49,080	49,079	1
Purchased Professional-Educational Services	30,000	36,304	66,304	66,304	
Other Purchased Services	500		500		500
General Supplies	500		500		500
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	266,264	19,537	285,801	285,142	659
Purchased Professional-Educational Services	750	7,600	8,350	8,118	232
Other Purchased Services	219,810	(6,419)	213,391	209,101	4,290
General Supplies	1,601,823	570,148	2,171,971	1,822,728	349,243
Textbooks	77,902	(7,459)	70,443	68,393	2,050
Other Objects	41,917	(4,562)	37,355	36,462	893
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>21,139,813</u>	<u>521,152</u>	<u>21,660,965</u>	<u>21,295,442</u>	<u>365,523</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
General Supplies	1,352	354	1,706	1,603	103
<b>Total Learning and/or Language Disabilities</b>	<u>1,352</u>	<u>354</u>	<u>1,706</u>	<u>1,603</u>	<u>103</u>
<b>Visual Impairments</b>					
Purchased Professional-Educational Services	4,000	(4,000)			
<b>Total Visual Impairments</b>	<u>4,000</u>	<u>(4,000)</u>			
<b>Behavioral Disabilities</b>					
Salaries of Teachers	60,115	60,115	120,230	120,230	
Other Salaries for Instruction	14,679	44,392	59,071	58,860	211
<b>Total Behavioral Disabilities</b>	<u>74,794</u>	<u>104,507</u>	<u>179,301</u>	<u>179,090</u>	<u>211</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	71,895	1,550	73,445	73,445	
Other Salaries for Instruction	238,468	10,485	248,953	247,775	1,178
General Supplies	500	3,839	4,339	3,237	1,102
<b>Total Multiple Disabilities</b>	<u>310,863</u>	<u>15,874</u>	<u>326,737</u>	<u>324,457</u>	<u>2,280</u>



**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**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>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	\$ 3,011,368	\$ (149,136)	\$ 2,862,232	\$ 2,860,038	\$ 2,194
Other Salaries for Instruction	849,684	(31,222)	818,462	812,604	5,858
General Supplies	13,250	38	13,288	9,740	3,548
Textbooks	-	403	403	402	1
<b>Total Resource Room/Resource Center</b>	<u>3,874,302</u>	<u>(179,917)</u>	<u>3,694,385</u>	<u>3,682,784</u>	<u>11,601</u>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	266,267	3,115	269,382	268,466	916
Other Salaries for Instruction	55,338	13,046	68,384	68,342	42
General Supplies	2,585	6	2,591	2,590	1
<b>Total Preschool Disabilities - Part-Time</b>	<u>324,190</u>	<u>16,167</u>	<u>340,357</u>	<u>339,398</u>	<u>959</u>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	62,330		62,330	62,330	
Other Salaries for Instruction	41,822	(36,143)	5,679	3,714	1,965
General Supplies	1,347	169	1,516	1,307	209
<b>Total Preschool Disabilities - Full-Time</b>	<u>105,499</u>	<u>(35,974)</u>	<u>69,525</u>	<u>67,351</u>	<u>2,174</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>4,695,000</u>	<u>(82,989)</u>	<u>4,612,011</u>	<u>4,594,683</u>	<u>17,328</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	689,921	7,955	697,876	696,140	1,736
General Supplies	1,744	(491)	1,253	1,022	231
<b>Total Basic Skills/Remedial - Instruction</b>	<u>691,665</u>	<u>7,464</u>	<u>699,129</u>	<u>697,162</u>	<u>1,967</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	171,808	2,701	174,509	174,509	
<b>Total Bilingual Education - Instruction</b>	<u>171,808</u>	<u>2,701</u>	<u>174,509</u>	<u>174,509</u>	
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	310,000	5,164	315,164	315,153	11
Purchased Services	1,500	(775)	725	725	
Supplies and Materials	15,000	775	15,775	11,920	3,855
Other Objects	15,000	-	15,000	14,753	247
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<u>341,500</u>	<u>5,164</u>	<u>346,664</u>	<u>342,551</u>	<u>4,113</u>
<b>School-Spon. Athletics</b>					
Salaries	464,412	(11,988)	452,424	448,962	3,462
Purchased Services	115,651	(14,858)	100,793	89,839	10,954
Insurance	30,000	3,371	33,371	33,370	1
Supplies and Materials	60,497	10,225	70,722	63,690	7,032
Other Objects	95,394	1,734	97,128	90,403	6,725
<b>Total School-Spon. Athletics</b>	<u>765,954</u>	<u>(11,516)</u>	<u>754,438</u>	<u>726,264</u>	<u>28,174</u>
<b>Total Instruction</b>	<u>27,805,740</u>	<u>441,976</u>	<u>28,247,716</u>	<u>27,830,611</u>	<u>417,105</u>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to Other LEAs Within the State - Special	61,200	41,400	102,600	102,584	16
Tuition to County Voc. School Dist. - Regular	19,521	5,195	24,716	24,661	55
Tuition to CSSD & Regional Day Schools	133,066	(548)	132,518	132,518	
Tuition to Private Schools for the Disabled - Within State	2,212,127	(88,296)	2,123,831	2,090,463	33,368
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	317,813	(243,164)	74,649	66,357	8,292
Tuition - State Facilities	-	20,565	20,565	20,559	6
<b>Total Undistributed Expenditures - Instruction</b>	<u>2,743,727</u>	<u>(264,848)</u>	<u>2,478,879</u>	<u>2,437,142</u>	<u>41,737</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	63,204		63,204	62,704	500
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>63,204</u>		<u>63,204</u>	<u>62,704</u>	<u>500</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**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>
<b>Undist. Expend. - Health Services</b>					
Salaries	\$ 578,494	\$ 2,235	\$ 580,729	\$ 577,102	\$ 3,627
Salaries of Secretarial and Clerical Assistants	8,700	(1,036)	7,664	7,650	14
Purchased Professional and Technical Services	41,700	5,140	46,840	40,498	6,342
Other Purchased Services	810	18	828	518	310
Supplies and Materials	21,265	2,923	24,188	21,010	3,178
<b>Total Undistributed Expenditures - Health Services</b>	<u>650,969</u>	<u>9,280</u>	<u>660,249</u>	<u>646,778</u>	<u>13,471</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>					
Salaries	614,963	8,375	623,338	596,439	26,899
Purchased Professional - Educational Services	177,380	(57,680)	119,700	101,547	18,153
Supplies and Materials	5,798	-	5,798	5,423	375
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<u>798,141</u>	<u>(49,305)</u>	<u>748,836</u>	<u>703,409</u>	<u>45,427</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	144,440	8,740	153,180	153,179	1
Other Salaries for Instruction	495,733	73,385	569,118	561,574	7,544
Purchased Professional - Educational Services	53,000	131,498	184,498	176,583	7,915
Supplies and Materials	8,000	2,575	10,575	10,564	11
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<u>701,173</u>	<u>216,198</u>	<u>917,371</u>	<u>901,900</u>	<u>15,471</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,144,326	249	1,144,575	1,136,206	8,369
Salaries of Secretarial and Clerical Assistants	140,018	(8,699)	131,319	130,578	741
Purchased Professional - Educational Services	20,000	20,000	20,000	20,000	-
Other Purchased Prof. and Tech. Services	15,000	(700)	14,300	14,233	67
Supplies and Materials	12,800	(897)	11,903	9,903	2,000
Other Objects	11,145	(5,800)	5,345	2,787	2,558
<b>Total Undist. Expend. - Guidance</b>	<u>1,323,289</u>	<u>4,153</u>	<u>1,327,442</u>	<u>1,313,707</u>	<u>13,735</u>
<b>Undist. Expend. - Child Study Team</b>					
Salaries of Other Professional Staff	1,211,665	2,270	1,213,935	1,213,824	111
Salaries of Secretarial and Clerical Assistants	160,740	880	161,620	161,620	-
Purchased Prof. - Educational Services	-	19,200	19,200	18,146	1,054
Other Purchased Prof. and Tech. Services	-	7,700	7,700	7,700	-
Other Purchased Services	4,500	-	4,500	4,375	125
Miscellaneous Purchased Services	2,000	3,000	5,000	4,171	829
Supplies and Materials	20,000	15,481	35,481	34,426	1,055
Other Objects	4,158	-	4,158	2,145	2,013
<b>Total Undist. Expend. - Child Study Team</b>	<u>1,403,063</u>	<u>48,531</u>	<u>1,451,594</u>	<u>1,446,407</u>	<u>5,187</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	697,709	(15,350)	682,359	681,907	452
General Supplies	500	(500)	-	-	-
Other Objects	500	(500)	-	-	-
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<u>698,709</u>	<u>(16,350)</u>	<u>682,359</u>	<u>681,907</u>	<u>452</u>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	761,089	(59,515)	701,574	686,916	14,658
Other Purchased Services	75,840	1,470.00	77,310	72,062	5,248
Supplies and Materials	84,320	2,727	87,047	82,738	4,309
Other Objects	30,250	39	30,289	28,708	1,581
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<u>951,499</u>	<u>(55,279)</u>	<u>896,220</u>	<u>870,424</u>	<u>25,796</u>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	524,566	(23,800)	500,766	500,607	159
Other Salaries	27,300	(26,575)	725	725	-
Purchased Professional - Educational Services	48,650	(38,660)	9,990	7,241	2,749
Other Purchased Services	66,045	964	67,009	57,145	9,864
Supplies and Materials	10,000	6,265	16,265	12,579	3,686
Other Objects	20,582	(7,141)	13,441	12,504	937
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<u>697,143</u>	<u>(88,947)</u>	<u>608,196</u>	<u>590,801</u>	<u>17,395</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**Year Ended June 30, 2015**

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	\$ 579,855	\$ (8,700)	\$ 571,155	\$ 571,136	\$ 19
Purchased Professional - Educational Services		200	200	200	
Legal Services	165,000	(39,730)	125,270	125,221	49
Audit Fees	60,000		60,000	59,900	100
Architectural/Engineering Services	35,000	161,543	196,543	164,949	31,594
Other Purchased Professional Services	32,500	9,990	42,490	23,018	19,472
Purchased Technical Services	6,000	24,430	30,430	30,375	55
Other Purchased Professional and Technical Services	3,500	(3,000)	500		500
Insurance	2,170	485	2,655	2,655	
Communications/Telephone	134,791	(72,350)	62,441	43,032	19,409
Travel	12,120	(6,500)	5,620	3,176	2,444
Board of Education Other Purchased Services	5,000	(2,100)	2,900	830	2,070
Miscellaneous Purchased Services	5,000	(3,500)	1,500	991	509
General Supplies	18,100	(14,500)	3,600	2,000	1,600
Board of Education In-House Training/Meeting Supplies	12,200	(12,000)	200		200
Miscellaneous Expenditures	30,352	(1,500)	28,852	25,380	3,472
Board of Education Dues and Fees	44,357	-	44,357	44,210	147
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<u>1,145,945</u>	<u>32,768</u>	<u>1,178,713</u>	<u>1,097,073</u>	<u>81,640</u>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	1,999,561	(1,740)	1,997,821	1,997,791	30
Salaries of Secretarial and Clerical Assistants	719,182	(6,400)	712,782	712,142	640
Other Purchased Services	26,032	(3,100)	22,932	22,458	474
Travel		6,355	6,355	2,751	3,604
Supplies and Materials	17,263	(2,477)	14,786	9,827	4,959
Other Objects	27,931	(3,493)	24,438	23,186	1,252
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<u>2,789,969</u>	<u>(10,855)</u>	<u>2,779,114</u>	<u>2,768,155</u>	<u>10,959</u>
<b>Undist. Expend. - Central Services</b>					
Salaries	657,306	(25,371)	631,935	631,786	149
Purchased Professional Services	31,000	30,645	61,645	48,187	13,458
Purchased Technical Services	15,000	(10,000)	5,000	2,040	2,960
Other Purchased Services	30,300	(140)	30,160	24,503	5,657
Travel	5,000	(2,500)	2,500	1,350	1,150
Miscellaneous Purchased Services	30,000	2,870	32,870	32,680	190
Supplies and Materials	25,150	(893)	24,257	19,175	5,082
Miscellaneous Expenditures	6,560	(50)	6,510	6,120	390
<b>Total Undist. Expend. - Central Services</b>	<u>800,316</u>	<u>(5,439)</u>	<u>794,877</u>	<u>765,841</u>	<u>29,036</u>
<b>Undist. Expend. - Technology Admin.</b>					
Salaries	497,877	18	497,895	497,159	736
Other Purchased Services	44,775	(18,774)	26,001	20,256	5,745
Travel		4,920	4,920	2,430	2,490
Supplies and Materials	56,050	(15,351)	40,699	34,479	6,220
Other Objects	600	25	625	625	-
<b>Total Undist. Expend. - Technology Admin.</b>	<u>599,302</u>	<u>(29,162)</u>	<u>570,140</u>	<u>554,949</u>	<u>15,191</u>
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Salaries	535,192	2,482	537,674	537,651	23
Cleaning, Repair and Maintenance Services	300,000	62,058	362,058	251,935	110,123
Other Purch Services - Rentals		45	45	45	
Travel	6,500	(4,650)	1,850	1,770	80
General Supplies	190,000	28,113	218,113	211,352	6,761
Other Objects	2,000	-	2,000	1,030	970
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	<u>1,033,692</u>	<u>88,048</u>	<u>1,121,740</u>	<u>1,003,783</u>	<u>117,957</u>

**BOARD OF EDUCATION  
School District of the Chathams  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
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>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>					
Salaries	\$ 1,677,427	\$ (36,723)	\$ 1,640,704	\$ 1,636,869	\$ 3,835
Salaries of Non-Instructional Aides	97,413	(15,892)	81,521	79,343	2,178
Purchased Professional - Technical Services		475	475	469	6
Cleaning, Repair and Maintenance Services	281,500	14,878	296,378	271,518	24,860
Rental of Land & Buildings other than Leases	50,000		50,000	50,000	
Other Purchased Property Services	97,050	(3,850)	93,200	87,368	5,832
Insurance	249,664	9,889	259,553	259,551	2
General Supplies	169,807	7,150	176,957	167,575	9,382
Energy	27,000		27,000	16,734	10,266
Natural Gas	582,493	(170,255)	412,238	293,416	118,822
Electricity	829,026	(130,932)	698,094	583,657	114,437
Other Objects	-	5,000	5,000	2,407	2,593
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>4,061,380</u>	<u>(320,260)</u>	<u>3,741,120</u>	<u>3,448,907</u>	<u>292,213</u>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	99,777		99,777	92,792	6,985
Cleaning, Repair and Maintenance Services	75,000	1,531	76,531	58,455	18,076
General Supplies	38,000	(6,549)	31,451	29,872	1,579
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>212,777</u>	<u>(5,018)</u>	<u>207,759</u>	<u>181,119</u>	<u>26,640</u>
<b>Undist. Expend. - Security</b>					
Salaries	225,000		225,000	213,241	11,759
Cleaning, Repair and Maintenance Services	82,875	(15,575)	67,300	31,607	35,693
General Supplies	23,350	(4,485)	18,865	15,246	3,619
<b>Total Undist. Expend. - Security</b>	<u>331,225</u>	<u>(20,060)</u>	<u>311,165</u>	<u>260,094</u>	<u>51,071</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Pupil Trans. (Between Home & School) - Regular	29,055		29,055	29,055	
Management Fees - ESC & CTSA Transportation Programs	12,100		12,100	12,096	4
Other Purchased Professional and Technical Services	5,000		5,000	4,705	295
Contracted Services Aid In Lieu of Payment for Non-public School Students	176,800	(12,887)	163,913	163,470	443
Contracted Services (Between Home and School) - Vendors	735,000	(1,970)	733,030	729,837	3,193
Contracted Services (Other than Between Home and School) - Vendors	356,039	(2,313)	353,726	313,140	40,586
Contracted Services (Regular Students) - ESCs	130,050	5,000	135,050	134,973	77
Contracted Services (Special Education Students) - ESCs	994,597	182,661	1,177,258	1,162,036	15,222
Miscellaneous Purchased Services - Transportation	-	7,400	7,400	7,380	20
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>2,438,641</u>	<u>177,891</u>	<u>2,616,532</u>	<u>2,556,692</u>	<u>59,840</u>
<b>Unallocated Benefits</b>					
Social Security Contributions	855,000	(36,000)	819,000	818,148	852
Other Retirement Contributions - Regular	743,570	(83,768)	659,802	655,068	4,734
Workmen's Compensation	228,425	(12,000)	216,425	215,857	568
Health Benefits	7,189,000	165,284	7,354,284	7,349,198	5,086
Tuition Reimbursement	165,000		165,000	163,565	1,435
Other Employee Benefits	210,000	(7,500)	202,500	176,881	25,619
<b>Total Unallocated Benefits</b>	<u>9,390,995</u>	<u>26,016</u>	<u>9,417,011</u>	<u>9,378,717</u>	<u>38,294</u>
On-behalf TPAF Pension Contributions (non-budgeted)				3,775,491	(3,775,491)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,068,558	(2,068,558)
<b>Total On-behalf Contributions</b>				<u>5,844,049</u>	<u>(5,844,049)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>32,835,159</u>	<u>(262,638)</u>	<u>32,572,521</u>	<u>37,514,558</u>	<u>(4,942,037)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>60,640,899</u>	<u>179,338</u>	<u>60,820,237</u>	<u>65,345,169</u>	<u>(4,524,932)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Instruction:</b>					
Undistributed Expenditures - Instruction	23,750	113,749	137,499	137,373	126
<b>Total Equipment</b>	<u>23,750</u>	<u>113,749</u>	<u>137,499</u>	<u>137,373</u>	<u>126</u>
<b>Required Maintenance for School Facility</b>					
Non-Instructional	55,000	116,594	171,594	155,359	16,235
<b>Total Required Maintenance for School Facility Equipment</b>	<u>55,000</u>	<u>116,594</u>	<u>171,594</u>	<u>155,359</u>	<u>16,235</u>
<b>Security</b>					
Equipment	31,890	(10,515)	21,375	17,455	3,920
<b>Total Security Equipment</b>	<u>31,890</u>	<u>(10,515)</u>	<u>21,375</u>	<u>17,455</u>	<u>3,920</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**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>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	\$ 21,000	\$ (5,912)	\$ 15,088	\$ 15,088	
Construction Services	1,439,000	2,632,650	4,071,650	3,819,169	\$ 252,481
Other Objects - Debt Service Assessment	112,459	-	112,459	112,459	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>1,572,459</u>	<u>2,626,738</u>	<u>4,199,197</u>	<u>3,946,716</u>	<u>252,481</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,683,099</u>	<u>2,846,566</u>	<u>4,529,665</u>	<u>4,256,903</u>	<u>272,762</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction</b>					
Salaries of Teachers	17,040	(2,529)	14,511	14,502	9
General Supplies	1,200	20	1,220	967	253
<b>Total Instruction</b>	<u>18,240</u>	<u>(2,509)</u>	<u>15,731</u>	<u>15,469</u>	<u>262</u>
<b>Total Summer School</b>	<u>18,240</u>	<u>(2,509)</u>	<u>15,731</u>	<u>15,469</u>	<u>262</u>
<b>Other Special Schools - Instruction</b>					
Salaries of Teachers	162,260	(15,663)	146,597	140,894	5,703
General Supplies	1,500	-	1,500	903	597
<b>Total Other Special Schools - Instruction</b>	<u>163,760</u>	<u>(15,663)</u>	<u>148,097</u>	<u>141,797</u>	<u>6,300</u>
<b>Total Other Special Schools</b>	<u>163,760</u>	<u>(15,663)</u>	<u>148,097</u>	<u>141,797</u>	<u>6,300</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>182,000</u>	<u>(18,172)</u>	<u>163,828</u>	<u>157,266</u>	<u>6,562</u>
<b>Contribution to Charter Schools</b>	<u>10,500</u>	<u>(1,045)</u>	<u>9,455</u>	<u>-</u>	<u>9,455</u>
<b>TOTAL EXPENDITURES</b>	<u>62,516,498</u>	<u>3,006,687</u>	<u>65,523,185</u>	<u>69,759,338</u>	<u>(4,236,153)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(1,846,750)</u>	<u>(3,006,687)</u>	<u>(4,853,437)</u>	<u>(2,872,301)</u>	<u>1,981,136</u>
<b>Other Financing Sources (Uses):</b>					
Transfer In				83,593	83,593
Transfer Out				(278,843)	(278,843)
<b>Total Other Financing Sources (Uses)</b>				<u>(195,250)</u>	<u>(195,250)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)</b>	<u>(1,846,750)</u>	<u>(3,006,687)</u>	<u>(4,853,437)</u>	<u>(3,067,551)</u>	<u>1,785,886</u>
<b>Fund Balance, July 1</b>	<u>8,084,259</u>	<u>-</u>	<u>8,084,259</u>	<u>8,084,259</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 6,237,509</u>	<u>\$ (3,006,687)</u>	<u>\$ 3,230,822</u>	<u>\$ 5,016,708</u>	<u>\$ 1,785,886</u>
<b>Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:</b>					
Adjustment for Prior Year Encumbrances		\$ (3,281,687)	\$ (3,281,687)	\$ (3,281,687)	
Budgeted Fund Balance	\$ (276,750)		(276,750)	406,655	\$ 683,405
Increase in Capital Reserve				1,098,638	1,098,638
Withdrawal from Capital Reserve	(1,570,000)		(1,570,000)	(1,570,000)	
Transfer from Capital Outlay to Capital Projects Fund	-	275,000	275,000	278,843	3,843
<b>Total</b>	<u>\$ (1,846,750)</u>	<u>\$ (3,006,687)</u>	<u>\$ (4,853,437)</u>	<u>\$ (3,067,551)</u>	<u>\$ 1,785,886</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 282,490	
Excess Surplus-current year				273,727	
Capital Reserve				2,459,409	
Assigned to:					
Year End Encumbrances				594,228	
Unassigned Fund Balance				<u>1,406,854</u>	
				<u>\$ 5,016,708</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance				\$ 5,016,708	
Final State Aid Payments Not Realized on GAAP Basis				<u>(188,563)</u>	
<b>Fund balance per Government Funds (GAAP)</b>				<u>\$ 4,848,145</u>	

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Special Revenue Fund  
Year Ended June 30, 2015**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 140,300	\$ 20,296	\$ 160,596	\$ 160,596	
Federal Sources	744,200	183,646	927,846	924,090	\$ (3,756)
Local Sources	-	352,575	352,575	328,792	(23,783)
<b>Total Revenues</b>	<u>\$ 884,500</u>	<u>\$ 556,517</u>	<u>\$ 1,441,017</u>	<u>\$ 1,413,478</u>	<u>\$ (27,539)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries		\$ 27,322	\$ 27,322	\$ 26,997	\$ 325
Salaries of Teachers	\$ 42,000	2,352	44,352	44,352	
Purchased Professional and Technical Services		18,775	18,775	18,775	
Purchased Professional and Educational Services	122,050	33,165	155,215	152,345	2,870
Tuition	650,000	128,418	778,418	778,418	
Travel		1,210	1,210	1,210	
General Supplies	7,200	360,810	368,010	346,813	21,197
Textbooks	18,250	339	18,589	18,589	-
<b>Total Instruction</b>	<u>839,500</u>	<u>572,391</u>	<u>1,411,891</u>	<u>1,387,499</u>	<u>24,392</u>
<b>Support Services</b>					
Other Salaries		3,821	3,821	2,513	1,308
Personnel Services - Employee Benefits		13,241	13,241	11,753	1,488
Purchased Professional and Technical Services		1,800	1,800	1,800	
Purchased Professional and Educational Services	45,000	(45,000)			
Supplies and Materials	-	10,264	10,264	9,913	351
<b>Total Support Services</b>	<u>45,000</u>	<u>(15,874)</u>	<u>29,126</u>	<u>25,979</u>	<u>3,147</u>
<b>Total Expenditures</b>	<u>884,500</u>	<u>556,517</u>	<u>1,441,017</u>	<u>1,413,478</u>	<u>27,539</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Note to Required Supplementary Information  
Budget to GAAP Reconciliation  
Year Ended June 30, 2015**

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (C-1, C-2)	\$ 66,887,037	\$ 1,413,478
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Current Year		(4,195)
Prior Year		3,325
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	191,971	
State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	<u>(168,563)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	<u>\$ 66,910,445</u>	<u>\$ 1,412,608</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 69,759,338	\$ 1,413,478
Differences - budget to GAAP		
Encumbrances (net) 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>(870)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 69,759,338</u>	<u>\$ 1,412,608</u>

Supplementary Information



SPECIAL REVENUE FUND

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

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>				
State Sources	\$ 160,596	\$ 160,596		
Federal Sources	924,090		\$ 924,090	
Local Sources	<u>328,792</u>	<u>-</u>	<u>-</u>	\$ 328,792
<b>Total Revenues</b>	<u>\$ 1,413,478</u>	<u>\$ 160,596</u>	<u>\$ 924,090</u>	<u>\$ 328,792</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries	\$ 26,997		\$ 22,697	\$ 4,300
Salaries of Teachers	44,352		44,352	
Purchased Professional and Technical Services	18,775		18,775	
Purchased Professional and Educational Services	152,345	\$ 132,215		20,130
Tuition	778,418		778,418	
Travel	1,210			1,210
General Supplies	346,813	9,792	43,169	293,852
Textbooks	<u>18,589</u>	<u>18,589</u>	<u>-</u>	<u>-</u>
	<u>1,387,499</u>	<u>160,596</u>	<u>907,411</u>	<u>319,492</u>
<b>Total Instruction</b>				
<b>Support Services:</b>				
Other Salaries	2,513		2,513	
Personnel Services - Employee Benefits	11,753		11,753	
Purchased Professional and Technical Services	1,800		1,800	
Supplies and Materials	<u>9,913</u>		<u>613</u>	<u>9,300</u>
<b>Total Support Services</b>	<u>25,979</u>		<u>16,679</u>	<u>9,300</u>
<b>Total Expenditures</b>	<u>1,413,478</u>	<u>160,596</u>	<u>924,090</u>	<u>328,792</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxiliary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Technology Initiative</u>	<u>N.J. Nonpublic Nursing Services</u>
<b>REVENUES</b>						
State Sources	\$ 160,596	\$ 18,589	\$ 14,064	\$ 75,089	\$ 9,792	\$ 43,062
<b>Total State Revenues</b>	<u>\$ 160,596</u>	<u>\$ 18,589</u>	<u>\$ 14,064</u>	<u>\$ 75,089</u>	<u>\$ 9,792</u>	<u>\$ 43,062</u>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Purchased Professional and Educational Services	\$ 132,215		\$ 14,064	\$ 75,089		\$ 43,062
General Supplies	9,792				\$ 9,792	
Textbooks	18,589	\$ 18,589	-	-	-	-
<b>Total Instruction</b>	<u>160,596</u>	<u>18,589</u>	<u>14,064</u>	<u>75,089</u>	<u>9,792</u>	<u>43,062</u>
<b>Total Expenditures</b>	<u>160,596</u>	<u>18,589</u>	<u>14,064</u>	<u>75,089</u>	<u>9,792</u>	<u>43,062</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>						
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>N.C.L.B</u>			<u>I.D.E.I.A.</u>	
	<u>Total</u>	<u>Title II-A</u>	<u>Title III</u>	<u>Basic</u>	<u>Preschool</u>
<b>REVENUES</b>					
Federal Sources	\$ 924,090	\$ 56,498	\$ 10,997	\$ 833,769	\$ 22,826
<b>Total Federal Revenues</b>	<u>\$ 924,090</u>	<u>\$ 56,498</u>	<u>\$ 10,997</u>	<u>\$ 833,769</u>	<u>\$ 22,826</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries	\$ 22,697			\$ 300	\$ 22,397
Salaries of Teachers	44,352	\$ 44,352			
Purchased Professional and Technical Services	18,775			18,775	
Tuition	778,418			778,418	
General Supplies	43,169	-	\$ 9,197	33,543	429
<b>Total Instruction</b>	<u>907,411</u>	<u>44,352</u>	<u>9,197</u>	<u>831,036</u>	<u>22,826</u>
<b>Support Services:</b>					
Other Salaries	2,513			2,513	
Employee Benefits	11,753	11,533		220	
Purchased Professional and Educational Services	1,800		1,800		
Supplies and Materials	613	613	-	-	
<b>Total Support Services</b>	<u>16,679</u>	<u>12,146</u>	<u>1,800</u>	<u>2,733</u>	
<b>Total Expenditures</b>	<u>\$ 924,090</u>	<u>\$ 56,498</u>	<u>\$ 10,997</u>	<u>\$ 833,769</u>	<u>\$ 22,826</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis  
Year Ended June 30, 2015

**REVENUES**

State Sources	
SDA Grants	\$ 185,896
Total Revenues	<u>185,896</u>

**EXPENDITURES**

Architectural / Engineering Services	30,020
Construction Services	<u>125,859</u>
Total Expenditures	<u>155,879</u>

Excess of Revenues over Expenditures	<u>30,017</u>
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**OTHER FINANCING SOURCES (USES)**

Transfer from Capital Reserve	278,843
Transfer to Capital Outlay	<u>(83,593)</u>
Total Other Financing Sources (Uses)	<u>195,250</u>

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	225,267
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Fund Balance - July 1	<u>143,806</u>
Fund Balance - June 30	<u>\$ 369,073</u>

Fund Balance, June 30, Budgetary Basis	\$ 369,073
Revenues not recognized on GAAP Basis	<u>(117,143)</u>
Fund Balance, June 30, GAAP Basis	<u>\$ 251,930</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
Lafayette Elementary School  
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>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 1,194,049		\$ 1,194,049	\$ 1,194,049
Bond Proceeds	4,048,386		4,048,386	4,048,215
Bonds Authorized but Not Issued	-		-	171
Total Revenues	<u>5,242,435</u>		<u>5,242,435</u>	<u>5,242,435</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services	640,223		640,223	640,223
Construction Services	4,241,543		4,241,543	4,241,714
Other Objects	63,916		63,916	63,916
Transfer to Debt Service Fund	152,776		152,776	152,776
Transfer to Capital Outlay	-	\$ 67,590	67,590	67,590
Total Expenditures and Other Financing Uses	<u>5,098,458</u>	<u>67,590</u>	<u>5,166,048</u>	<u>5,166,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 143,977</u>	<u>\$ (67,590)</u>	<u>\$ 76,387</u>	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-050-05-1000			
Grant Date	7/12/2005			
Bond Authorization Date	7/26/2005			
Bonds Authorized	\$ 4,048,386			
Bonds Issued	4,048,386			
Original Authorized Cost	5,357,000			
Additional Authorized Cost	(114,565)			
Revised Authorized Cost	\$ 5,242,435			
Percentage (Decrease) over Original Authorized Cost	(2%)			
Percentage Completed	100%			
Original Target Completion Date	9/07			
Revised Target Completion Date	Complete			

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
Chatham Middle School Restrooms To Receive ADA Upgrades  
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>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 71,280	\$ 71,280	\$ 71,280
Transfer From Capital Outlay		<u>106,920</u>	<u>106,920</u>	<u>106,920</u>
Total Revenues		<u>178,200</u>	<u>178,200</u>	<u>178,200</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Architectural / Engineering Services		8,950	8,950	8,950
Construction Services		<u>20,900</u>	<u>20,900</u>	<u>20,900</u>
Total Expenditures and Other Financing Uses		<u>29,850</u>	<u>29,850</u>	<u>29,850</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 148,350</u>	<u>\$ 148,350</u>	

**ADDITIONAL PROJECT INFORMATION**

Project Number	0785-030-14-1003
Grant Date	8/12/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 178,200
Additional Authorized Cost	-
Revised Authorized Cost	\$ 178,200
Percentage Increase over Original Authorized Cost	N/A
Percentage Completed	17%
Original Target Completion Date	Summer 2015
Revised Target Completion Date	Summer 2015



**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Chatham Middle School Window Replacement**  
**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>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 46,728	\$ 46,728	\$ 46,728
Transfer From Capital Outlay		70,092	70,092	70,092
Total Revenues		<u>116,820</u>	<u>116,820</u>	<u>116,820</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Architectural / Engineering Services		10,820	10,820	10,820
Construction Services		89,997	89,997	89,997
Transfer To Capital Outlay		16,003	16,003	16,003
Total Expenditures and Other Financing Uses		<u>116,820</u>	<u>116,820</u>	<u>116,820</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	

**ADDITIONAL PROJECT INFORMATION**

Project Number	0785-030-14-1004
Grant Date	8/12/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 116,820
Additional Authorized Cost	-
Revised Authorized Cost	\$ 116,820
Percentage Increase over Original Authorized Cost	N/A
Percentage Completed	100%
Original Target Completion Date	Winter 2015
Revised Target Completion Date	Complete

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
Washington Avenue Elementary School Restrooms To Receive ADA Upgrades  
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>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 67,888	\$ 67,888	\$ 67,888
Transfer From Capital Outlay		<u>101,831</u>	<u>101,831</u>	<u>101,831</u>
Total Revenues		<u>169,719</u>	<u>169,719</u>	<u>169,719</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Architectural / Engineering Services		10,250	10,250	10,250
Construction Services		<u>14,962</u>	<u>14,962</u>	<u>14,962</u>
Total Expenditures and Other Financing Uses		<u>25,212</u>	<u>25,212</u>	<u>25,212</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 144,507</u>	<u>\$ 144,507</u>	

**ADDITIONAL PROJECT INFORMATION**

Project Number	0785-070-14-1005
Grant Date	8/12/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 169,719
Additional Authorized Cost	-
Revised Authorized Cost	\$ 169,719
Percentage Increase over Original Authorized Cost	0%
Percentage Completed	15%
Original Target Completion Date	Summer 2015
Revised Target Completion Date	Summer 2015

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Capital Projects Fund

Summary Schedule of Project Expenditures  
Year Ended June 30, 2015

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Transfers	Unexpended Appropriations 6/30/2015
			Prior Years	Current Year		
Lafayette Elementary School	7/12/2005	\$ 5,242,435	\$ 5,098,458		\$ (67,590)	\$ 76,387
Chatham Middle School Restrooms To Receive ADA Upgrades	8/12/2014	178,200		\$ 29,850		148,350
Chatham Middle School Window Replacement	8/12/2014	116,820		100,817	(16,003)	
Washington Avenue Elementary School Restrooms To Receive ADA Upgrades	8/12/2014	169,719	-	25,212	-	144,507
Totals		\$ 5,707,174	\$ 5,098,458	\$ 155,879	\$ (83,593)	369,244
Bond proceeds - 2005 Referendum		\$ 4,048,215				Bonds authorized
State Grant (SDA)		1,379,945				but not issued
Transfer From Capital Outlay		278,843				Balance per F-1
Bonds Authorized But Not Issued		171				\$ 369,073
Total		\$ 5,707,174				

FIDUCIARY FUNDS

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Trust and Agency Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2015

	Trust			Agency		
	Private Purpose Unemployment Compensation	Scholarship Funds	Total Trust	Student Activity	Payroll	Total Agency
<b>Assets</b>						
Cash and cash equivalents	\$ 306,486	\$ 26,483	\$ 332,969	\$ 442,041	\$ 74,457	\$ 516,498
Total assets	<u>306,486</u>	<u>26,483</u>	<u>332,969</u>	<u>442,041</u>	<u>74,457</u>	<u>516,498</u>
<b>Liabilities</b>						
Accounts payable	19,198		19,198			
Payroll deductions and withholdings payable					\$ 74,457	\$ 74,457
Due to student groups				\$ 442,041		442,041
Total liabilities	<u>19,198</u>	<u>-</u>	<u>19,198</u>	<u>442,041</u>	<u>74,457</u>	<u>516,498</u>
<b>Net Position</b>						
Held in trust	287,288	26,483	313,771			
Total net position	<u>\$ 287,288</u>	<u>\$ 26,483</u>	<u>\$ 313,771</u>			

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Student Activity Agency Fund  
Schedule of Cash Receipts and Cash Disbursements  
Year Ended June 30, 2015**

<u>Schools</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Elementary Schools:				
Southern Boulevard	\$ 6,509	\$ 160	\$ 2,249	\$ 4,420
Milton Avenue	6,056	2	3,194	2,864
Lafayette Avenue	44,676	22,715	28,343	39,048
Washington Avenue	291	20	76	235
Middle School:				
Activity	69,421	78,307	86,359	61,369
High School:				
Activity	272,691	480,719	426,792	326,618
Athletic	<u>10,504</u>	<u>15,591</u>	<u>18,608</u>	<u>7,487</u>
	<u>\$410,148</u>	<u>\$ 597,514</u>	<u>\$ 565,621</u>	<u>\$ 442,041</u>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Payroll Agency Fund**  
**Schedule of Cash Receipts and Cash Disbursements**  
**Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 55,610	\$ 43,240,209	\$ 43,221,362	\$ 74,457
Total Assets	<u>\$ 55,610</u>	<u>\$ 43,240,209</u>	<u>\$ 43,221,362</u>	<u>\$ 74,457</u>
<b>LIABILITIES:</b>				
Interfund Payable		\$ 1,870	\$ 1,870	
Salaries and Wages Payable		25,390,831	25,390,831	
Payroll Deductions and Withholdings Payable	\$ 55,610	17,847,508	17,828,661	\$ 74,457
Total Liabilities	<u>\$ 55,610</u>	<u>\$ 43,240,209</u>	<u>\$ 43,221,362</u>	<u>\$ 74,457</u>

LONG-TERM DEBT



**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Long - Term Debt  
Schedule of Serial Bonds Payable  
Year Ended June 30, 2015**

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Issued Current Year	Retired Current Year	Refunded Current Year	Balance June 30, 2015
			Date	Amount						
School Improvements	2/1/1995	\$ 4,993,000	8/1/2015	\$ 240,000	4.600%	\$ 545,000		\$ 305,000		\$ 240,000
Refunding Bonds - Series 2001	6/1/2005	16,950,000				14,540,000		680,000	\$ 13,860,000	
School Improvements	7/26/2005	20,525,000	7/15/2015 7/15/2016	355,000 375,000	4.250% 4.250%	17,970,000		340,000	16,900,000	730,000
Refunding Bonds - Series 2014A	11/7/2014	16,275,000	7/15/2015 7/15/2016 7/15/2017 7/15/2018 7/15/2019 7/15/2020 7/15/2021 7/15/2022 7/15/2023 7/15/2024 7/15/2025 7/15/2026 7/15/2027 7/15/2028 7/15/2029 7/15/2030	30,000 30,000 365,000 375,000 390,000 400,000 415,000 440,000 460,000 490,000 515,000 2,260,000 2,360,000 2,470,000 2,580,000 2,695,000	2.000% 2.000% 3.000% 3.000% 3.000% 4.000% 4.000% 5.000% 5.000% 5.000% 5.000% 4.000% 4.000% 4.000% 4.000% 4.000%		\$ 16,275,000		16,275,000	
Refunding Bonds - Series 2014B	11/7/2014	12,270,000	1/15/2016 1/15/2017 1/15/2018 1/15/2019 1/15/2020 1/15/2021 1/15/2022 1/15/2023 1/15/2024 1/15/2025 1/15/2026	865,000 880,000 960,000 995,000 1,025,000 1,080,000 1,135,000 1,185,000 1,255,000 1,315,000 1,385,000	2.000% 3.000% 3.000% 3.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 4.000%		12,270,000	190,000	12,080,000	
						<u>\$ 33,055,000</u>	<u>\$ 28,545,000</u>	<u>\$ 1,515,000</u>	<u>\$ 30,760,000</u>	<u>\$ 29,325,000</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
Debt Service Fund  
Year Ended June 30, 2015

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,655,242		\$ 2,655,242	\$ 2,655,242	
<b>Total Revenues</b>	<u>2,655,242</u>		<u>2,655,242</u>	<u>2,655,242</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	1,407,888	\$ (190,000)	1,217,888	1,039,879	\$ 178,009
Redemption of Principal	1,325,000	190,000	1,515,000	1,515,000	
Cost of issuance	-	-	-	202,200	(202,200)
Total Regular Debt Service	<u>2,732,888</u>	<u>-</u>	<u>2,732,888</u>	<u>2,757,079</u>	<u>(24,191)</u>
<b>Total Expenditures</b>	<u>2,732,888</u>	<u>-</u>	<u>2,732,888</u>	<u>2,757,079</u>	<u>(24,191)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(77,646)</u>	<u>-</u>	<u>(77,646)</u>	<u>(101,837)</u>	<u>24,191</u>
<b>Other Financing Sources (Uses):</b>					
Equity contribution				70,000	70,000
Refunding bonds issued				28,545,000	28,545,000
Premium on refunding bonds issued				4,024,722	4,024,722
Payment to refunding bond escrow agent	-	-	-	(32,437,522)	(32,437,522)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,200</u>	<u>202,200</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures	(77,646)	-	(77,646)	100,363	226,391
Fund Balance, July 1	<u>154,034</u>	<u>-</u>	<u>154,034</u>	<u>154,034</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 76,388</u>	<u>\$ -</u>	<u>\$ 76,388</u>	<u>\$ 254,397</u>	<u>\$ 226,391</u>

STATISTICAL SECTION

**Statistical Section  
Unaudited**

**Contents**

**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, the 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's 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.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

School District of the Chathams  
 Net Position by Component  
 Last Ten Fiscal Years

(accrual basis of accounting)  
 Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
				(as restated)		(as restated)				
<b>Governmental activities</b>										
Net investment in capital assets	\$ 25,496,420	\$ 31,937,828	\$ 32,371,993	\$ 31,219,240	\$ 32,032,424	\$ 31,969,490	\$ 34,480,331	\$ 35,050,828	\$ 35,805,781	\$ 39,282,140
Restricted	1,038,786	725,831	490,427	2,609,775	2,333,377	4,705,913	4,364,029	6,750,596	3,633,817	3,267,556
Unrestricted (deficit)	(1,779,022)	(1,808,803)	(1,893,651)	(1,649,525)	430,767	411,914	756,430	590,645	3,388,935	(12,503,280)
<b>Total governmental activities net position</b>	<b>\$ 24,756,184</b>	<b>\$ 30,854,856</b>	<b>\$ 30,978,769</b>	<b>\$ 32,179,490</b>	<b>\$ 34,796,568</b>	<b>\$ 37,087,317</b>	<b>\$ 39,600,790</b>	<b>\$ 42,392,069</b>	<b>\$ 42,828,533</b>	<b>\$ 30,046,416</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 113,646	\$ 98,229	\$ 71,218	\$ 87,525	\$ 161,450	\$ 174,608	\$ 187,573	\$ 200,539	\$ 213,504	\$ 206,588
Unrestricted	51,664	99,426	113,137	130,381	42,218	35,346	81,725	94,843	131,301	206,978
<b>Total business-type activities net position</b>	<b>\$ 165,310</b>	<b>\$ 197,655</b>	<b>\$ 184,355</b>	<b>\$ 217,906</b>	<b>\$ 203,668</b>	<b>\$ 209,954</b>	<b>\$ 269,298</b>	<b>\$ 295,382</b>	<b>\$ 344,805</b>	<b>\$ 413,566</b>
<b>Government-wide</b>										
Net investment in capital assets	\$ 25,610,066	\$ 32,036,057	\$ 32,443,211	\$ 31,306,765	\$ 32,193,874	\$ 32,144,098	\$ 34,667,904	\$ 35,251,367	\$ 36,019,285	\$ 39,488,728
Restricted	1,038,786	725,831	490,427	2,609,775	2,333,377	4,705,913	4,364,029	6,750,596	3,633,817	3,267,556
Unrestricted (deficit)	(1,727,358)	(1,709,377)	(1,770,514)	(1,519,144)	472,985	447,260	638,155	685,488	3,520,236	(12,296,302)
<b>Total district net position</b>	<b>\$ 24,921,494</b>	<b>\$ 31,052,511</b>	<b>\$ 31,163,124</b>	<b>\$ 32,397,396</b>	<b>\$ 35,000,236</b>	<b>\$ 37,297,271</b>	<b>\$ 39,870,088</b>	<b>\$ 42,687,451</b>	<b>\$ 43,173,338</b>	<b>\$ 30,459,982</b>

**Source:** CAFR Schedule A-1 and District records.

**Notes:** GASB 63 was implemented during the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$13,355,900. This amount is not reflected in the June 30, 2014 Net Position, above.

School District of the Chathams  
Changes in Net Position  
Last Ten Fiscal Years

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009 (as restated)	2010	2011 (as restated)	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ 27,773,842	\$ 31,676,286	\$ 32,061,639	\$ 32,644,658	\$ 34,300,465	\$ 34,950,236	\$ 36,397,419	\$ 38,849,778	\$ 40,241,403	\$ 47,199,764
Support services:										
Student & instruction related services	6,441,483	7,076,956	7,181,385	7,153,721	6,921,714	7,254,394	8,324,801	8,869,645	9,598,789	11,180,768
School administration services	2,634,953	3,176,981	3,268,167	3,582,335	3,374,483	3,444,414	3,730,147	3,772,311	3,862,549	4,404,002
General and Business administration services	2,963,624	3,154,790	4,149,288	3,191,917	2,638,306	2,505,189	2,588,390	2,866,899	2,921,009	3,476,916
Operation and Maintenance of Plant Services	4,963,341	4,723,190	6,352,217	6,137,686	5,952,210	6,506,910	5,969,017	6,139,125	6,434,186	6,548,910
Student transportation services	1,755,215	1,956,925	1,945,282	2,045,509	2,222,207	2,434,908	2,417,836	2,238,383	2,462,453	2,572,801
Business and other support services and benefits	63,071									
Special Schools		49,025	78,748	87,400	99,470	117,587	150,240	172,554	240,248	250,999
Charter Schools							11,223	9,821	20,005	
Interest and other costs on long term debt	1,818,141	1,903,601	1,868,878	1,816,950	1,768,979	1,701,122	1,635,309	1,570,852	1,764,143	1,031,453
Total governmental activities	48,413,670	53,717,754	56,905,604	56,660,176	57,277,834	58,914,760	61,224,382	64,489,368	67,544,785	76,665,613
<b>Business-type activities:</b>										
Food service	662,931	656,450	699,032	819,534	906,257	930,380	982,242	956,075	1,060,277	1,078,795
Cougar Cubs					29,918	68,299				
Total business-type activities expense	662,931	656,450	699,032	819,534	936,175	998,679	982,242	956,075	1,060,277	1,078,795
Total government-wide expenses	\$ 49,076,601	\$ 54,374,204	\$ 57,604,636	\$ 57,479,710	\$ 58,214,009	\$ 59,913,439	\$ 62,206,624	\$ 65,445,443	\$ 68,605,062	\$ 77,744,408
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Instruction (tuition)	\$ 39,189	\$ 21,754	\$ 12,347	\$ 16,301	\$ 5,000	\$ 60,500	\$ 43,900	\$ 174,243	\$ 238,138	\$ 251,032
Pupil transportation	51,302	45,770	63,811	77,660	95,654	102,737	98,468	117,344	128,015	134,560
Operating grants and contributions	1,006,150	1,091,368	1,472,537	1,173,823	1,706,209	1,596,703	1,276,311	1,451,083	1,230,651	1,412,608
Capital grants and contributions	585,446	4,855,825	639,500	61,571	327,043	63,241	276,089	2,997	76,981	68,753
Total governmental activities program revenues	1,682,087	6,014,717	2,188,195	1,329,355	2,133,906	1,823,181	1,694,768	1,745,667	1,673,785	1,866,953
<b>Business-type activities:</b>										
Charges for services:										
Food service	582,335	632,928	696,027	767,061	835,552	895,670	948,046	891,004	1,018,241	1,063,569
Cougar Cubs				34,535	24,664	39,018				
Operating grants and contributions	44,293	49,195	40,613	50,251	61,721	70,277	93,540	91,155	91,459	83,987
Total business type activities program revenues	626,628	682,123	736,640	851,847	921,937	1,004,965	1,041,586	982,159	1,109,700	1,147,556
Total government-wide program revenues	\$ 2,308,715	\$ 6,696,840	\$ 2,924,835	\$ 2,181,202	\$ 3,055,843	\$ 2,828,146	\$ 2,736,354	\$ 2,727,826	\$ 2,783,485	\$ 3,014,509
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (46,731,583)	\$ (47,703,037)	\$ (54,717,409)	\$ (55,330,821)	\$ (55,143,928)	\$ (57,091,579)	\$ (59,529,614)	\$ (62,743,701)	\$ (65,871,000)	\$ (74,798,660)
Business-type activities	(36,303)	25,673	37,608	32,313	(14,238)	6,286	59,344	26,084	49,423	68,761
Total government-wide net (expense)/revenue	\$ (46,767,886)	\$ (47,677,364)	\$ (54,679,801)	\$ (55,298,508)	\$ (55,158,166)	\$ (57,085,293)	\$ (59,470,270)	\$ (62,717,617)	\$ (65,821,577)	\$ (74,729,899)

School District of the Chathams  
Changes in Net Position  
Last Ten Fiscal Years

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
				(as restated)						
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes	\$ 38,805,406	\$ 40,389,273	\$ 43,699,999	\$ 47,002,553	\$ 48,024,764	\$ 51,559,756	\$ 52,791,296	\$ 54,005,100	\$ 55,874,234	\$ 57,742,606
Taxes levied for debt service	1,656,755	3,216,025	2,925,392	2,790,669	2,728,257	2,729,615	2,733,596	2,729,133	2,737,760	2,655,242
Unrestricted grants and contributions	5,859,666	7,732,300	7,927,631	6,479,136	6,695,706	4,782,789	6,091,571	7,687,106	7,322,537	14,535,917
Investment earnings	730,142	826,333	148,834	14,644	17,334	14,064	9,600	8,148	6,137	4,086
Loss on disposal of capital assets		(73,907)								
Miscellaneous income	174,347	123,447	139,476	244,540	294,945	296,104	417,024	1,105,493	366,796	434,592
Total governmental activities	47,226,316	52,213,471	54,841,332	56,531,542	57,761,006	59,382,328	62,043,087	65,534,980	66,307,464	75,372,443
Business-type activities:										
Investment earnings	8,037	6,672	8,769	1,238						
Total business-type activities	8,037	6,672	8,769	1,238	-	-	-	-	-	-
Total district-wide	\$ 47,234,353	\$ 52,220,143	\$ 54,850,101	\$ 56,532,780	\$ 57,761,006	\$ 59,382,328	\$ 62,043,087	\$ 65,534,980	\$ 66,307,464	\$ 75,372,443
<b>Change in Net Position</b>										
Governmental activities	\$ 494,733	\$ 4,510,434	\$ 123,923	\$ 1,200,721	\$ 2,617,078	\$ 2,290,749	\$ 2,513,473	\$ 2,791,279	\$ 436,464	\$ 573,783
Business-type activities	(28,266)	32,345	46,377	33,551	(14,238)	6,286	59,344	26,084	49,423	68,761
Total district	\$ 466,467	\$ 4,542,779	\$ 170,300	\$ 1,234,272	\$ 2,602,840	\$ 2,297,035	\$ 2,572,817	\$ 2,817,363	\$ 485,887	\$ 642,544

Source: CAFR Schedule A-2 and District records.

Note: GASB 63 was implemented during the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

School District of the Chathams  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 864,926	\$ 518,205	\$ 1,129,118	\$ 2,022,567	\$ 2,966,886					
Unreserved	1,178,088	1,390,849	445,521	781,328	2,194,682					
Restricted						\$ 3,507,973	\$ 3,736,163	\$ 6,597,992	\$ 3,490,011	\$ 3,015,626
Assigned						533,174	884,234	465,868	3,281,687	594,228
Unassigned						1,345,112	1,050,698	985,978	1,120,590	1,238,291
Total general fund	<u>\$ 2,043,014</u>	<u>\$ 1,909,054</u>	<u>\$ 1,574,639</u>	<u>\$ 2,803,895</u>	<u>\$ 5,161,568</u>	<u>\$ 5,386,259</u>	<u>\$ 5,671,095</u>	<u>\$ 8,049,838</u>	<u>\$ 7,892,288</u>	<u>\$ 4,848,145</u>
All Other Governmental Funds										
Reserved	\$ 11,502,294	\$ 2,719,255	\$ 100,000	\$ 932,255	\$ 96,798					
Unreserved, reported in:										
Capital projects fund (deficit)	7,820,115	493,077	341,009	52,943	392,506					
Debt service fund	4,729	4,729	1	1	2					
Restricted						\$ 1,197,940	\$ 627,866	\$ 230,250	\$ 297,840	\$ 506,327
Total all other governmental funds	<u>\$ 19,327,138</u>	<u>\$ 3,217,061</u>	<u>\$ 441,010</u>	<u>\$ 985,199</u>	<u>\$ 489,306</u>	<u>\$ 1,197,940</u>	<u>\$ 627,866</u>	<u>\$ 230,250</u>	<u>\$ 297,840</u>	<u>\$ 506,327</u>

Source: CAFR Schedule B-1 and District records.

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.M. in the basic financial statements). Prior years have not been restated above and are not required to be.



School District of the Chathams  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Local sources:										
Local tax levy	\$ 40,462,161	\$ 43,605,298	\$ 46,625,391	\$ 49,793,222	\$ 50,753,021	\$ 54,289,371	\$ 55,524,892	\$ 56,734,233	\$ 58,611,994	\$ 60,397,848
Transportation	51,302	45,770	63,811	77,660	95,654	102,737	98,468	117,344	128,015	134,560
Tuition charges	39,189	21,754	12,347	16,301	5,000	60,500	43,900	174,243	238,138	251,032
Interest income	730,142	826,333	148,834	14,644	17,334	14,064	9,600	8,148	6,137	4,086
Miscellaneous	269,293	242,024	336,679	412,971	417,752	503,988	624,027	1,419,598	577,470	759,473
Total local sources	41,552,087	44,741,179	47,187,062	50,314,798	51,288,761	54,970,660	56,300,887	58,453,566	59,561,754	61,546,999
State sources	6,632,860	12,803,499	9,068,821	6,774,499	7,229,308	5,004,679	6,400,866	7,833,455	7,529,811	8,572,918
Federal sources	718,237	757,417	773,644	771,600	1,376,843	1,230,170	1,036,102	972,228	889,684	927,131
Total revenue	48,903,184	58,302,095	57,029,527	57,860,897	59,894,912	61,205,509	63,737,855	67,259,249	67,981,249	71,047,048
<b>Expenditures</b>										
Current										
Instruction	20,417,646	21,623,960	21,765,799	22,401,522	24,178,669	25,044,512	25,000,591	26,805,975	27,779,550	29,217,240
Undistributed - current										
Tuition	1,864,882	1,960,712	2,245,509	2,297,823	2,210,229	2,338,936	2,386,967	1,922,832	2,393,463	2,437,142
Attendance/social work	51,375	54,341	56,867	60,304	62,715	65,223	58,185	58,734	59,499	62,704
Health services	538,096	537,432	504,508	538,244	533,086	565,778	586,778	626,641	643,896	646,778
Other support services	2,559,688	2,829,548	2,924,226	3,233,644	3,133,076	3,525,735	3,892,517	4,002,657	4,121,873	4,391,402
Student & inst. related services										
Improvement of instruction	882,637	915,507	937,253	855,941	697,162	622,673	647,573	689,774	684,763	681,907
Education media library	836,546	815,456	856,013	844,372	776,079	825,710	992,541	933,129	952,837	870,424
Other support: instructional staff	137,777	210,960	220,741	133,312	109,834	103,611	130,269	189,761	589,223	580,801
General administration services	755,485	988,279	1,686,817	1,076,374	947,810	921,756	839,785	873,500	940,291	1,097,073
School administration services	2,161,151	2,324,601	2,421,735	2,456,224	2,514,209	2,624,611	2,676,125	2,683,329	2,775,092	2,768,155
Central services	695,617	554,909	672,910	744,412	632,285	675,431	682,780	753,992	764,217	765,841
Administrative information technology services	76,342	66,427	66,379	67,788	482,876	413,660	445,972	533,803	515,039	554,949
Required maintenance of plant services	803,416	967,331	893,832	874,508	967,041	1,490,447	986,919	977,535	1,083,734	1,003,783
Operation and maintenance of plant services	3,536,310	3,824,148	4,228,567	4,446,882	3,921,013	3,942,246	3,709,037	3,830,926	3,711,271	3,448,907
Care and upkeep of grounds										
Security										
Student transportation	1,757,328	1,960,504	1,937,315	2,038,321	2,109,563	2,331,566	2,309,451	2,228,574	2,452,291	2,556,692
Unallocated benefits and On-behalf TPAF Contributions	8,290,280	10,376,976	10,508,614	9,285,799	9,718,513	10,561,496	11,851,211	13,407,010	13,529,741	15,222,766
Special schools										
Charter Schools										
Capital outlay	2,728,675	22,518,852	4,987,275	1,813,119	1,680,999	1,246,377	3,328,298	1,467,664	1,627,283	4,412,782
Debt Service:										
Principal	950,000	960,000	1,682,283	1,838,891	1,941,898	1,462,608	1,497,837	1,367,152	1,270,000	1,515,000
Interest	702,027	2,256,025	1,818,207	1,764,609	1,706,302	1,630,490	1,600,417	1,532,590	1,467,760	1,039,879
Cost of issuance										
Total expenditures	49,745,278	75,827,113	60,471,060	56,849,084	58,597,358	60,744,783	64,023,093	65,299,520	68,071,209	74,084,904
Excess (Deficiency) of revenues over (under) expenditures	(842,094)	(17,525,018)	(3,441,533)	1,011,813	1,297,554	460,726	(285,238)	1,959,729	(89,960)	(3,037,856)
<b>Other Financing sources (uses)</b>										
Issuance of bonds	20,525,000									
Refunding bonds issued	20,792,075									28,545,000
Payment to bond escrow agent	(20,525,000)									(32,434,091)
Accrued interest	(27,140)									
Costs of issuance	(239,935)									
Capital leases	89,731	1,280,981	331,067	761,632	564,226	472,599				
Equity contribution										70,000
Premium on bonds issued										4,024,722
Additional proceeds										(3,431)
Transfers in		559,612	250,000	783,049	56	818,250		474,525	80,738	362,436
Transfers out		(559,612)	(250,000)	(783,049)	(56)	(818,250)		(474,525)	(80,738)	(362,436)
Insurance Recovery Related to Other Costs of Super Storm Sandy								21,398		
Total other financing sources (uses)	20,614,731	1,280,981	331,067	761,632	564,226	472,599	-	21,398	-	202,200
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	19,772,637	(16,244,037)	(3,110,466)	1,773,445	1,861,780	933,325	(285,238)	1,981,127	(89,960)	(2,835,656)
Fund balance July 1	1,597,515	21,370,152	5,126,115	2,015,649	3,789,094	5,650,874	6,584,199	6,298,961	8,280,088	8,190,128
Fund balance June 30	\$ 21,370,152	\$ 5,126,115	\$ 2,015,649	\$ 3,789,094	\$ 5,650,874	\$ 6,584,199	\$ 6,298,961	\$ 8,280,088	\$ 8,190,128	\$ 5,354,472
Debt service as a percentage of noncapital expenditures	3.51%	6.03%	6.31%	6.55%	6.41%	5.20%	5.10%	4.54%	4.12%	3.67%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

School District of the Chathams  
General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

Year Ended June 30,	Tuition	Interest on Investments	Rentals	Prior Year Refunds	Miscellaneous	Legal Settlement	Transportation Fees	Annual Totals
2006	\$ 39,189	\$ 427,770			\$ 174,347		\$ 51,302	\$ 692,608
2007	21,754	266,721	\$ 8,412	\$ 53,966	61,069		45,770	457,692
2008	12,347	148,834			139,476		63,811	364,468
2009	16,301	11,595		131,229	113,311		77,660	350,096
2010	5,000	17,278	45,770	70,720	178,455		95,654	412,877
2011	60,500	14,064	64,626	16,831	214,647		102,737	473,405
2012	43,900	9,600	107,585	52,122	257,317		98,468	568,992
2013	174,243	8,148	63,439	63,899	235,757	\$ 721,000	117,344	1,383,830
2014	238,138	6,137	83,677	49,876	233,243		128,015	739,086
2015	251,032	4,086	70,583	108,139	255,870		134,560	824,270

Source: District records

School District of the Chathams  
Assessed Value and Actual Value of Taxable Property  
Last Ten Years

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities <sup>a</sup>	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
<b>Borough of Chatham</b>													
2006	\$ 12,997,600	\$ 1,744,108,300	None	\$ 200,000	\$ 220,220,300	\$ 15,418,000	\$ 40,458,800	\$ 1,676,745	\$ 2,035,079,745	\$ 148,026,500	\$ 1,887,053,245	\$ 2,047,776,544	\$ 0.927
2007	13,555,600	1,751,080,200	None	200,000	217,881,000	13,725,100	39,373,700	1,655,966	2,037,471,566	146,672,700	1,890,798,866	2,229,300,135	0.930
2008	13,630,700	1,759,974,900	None	200,000	217,232,100	21,490,500	39,373,700	1,617,515	2,053,519,415	146,267,600	1,907,251,815	2,425,753,251	0.986
2009	13,630,700	1,764,771,200	None	200,000	217,092,700	21,490,500	39,373,700	1,600,626	2,058,159,426	146,267,600	1,911,891,826	2,357,398,831	1.030
2010	12,881,900	1,772,106,600	None	200,000	216,835,000	21,593,300	39,373,700	1,682,076	2,064,672,576	146,267,600	1,918,404,976	2,271,795,925	1.030
2011	12,657,900	1,772,631,200	None	200,000	212,066,200	21,593,300	39,373,700	1,409,757	2,059,932,057	146,267,600	1,913,664,457	2,329,736,842	1.120
2012	12,657,900	1,774,652,000	None	200,000	206,826,100	21,593,300	39,173,700	1,417,502	2,056,520,502	145,518,900	1,911,001,602	2,595,097,439	1.145
2013	9,896,600	1,779,581,700	None	200,000	204,939,400	21,593,300	39,173,700	1,358,273	2,056,742,973	142,061,700	1,914,681,273	2,293,457,313	1.181
2014	8,658,600	1,782,763,600	None	200,000	204,584,400	21,593,300	39,173,700	1,145,779	2,058,099,379	141,637,300	1,916,462,079	2,273,787,397	1.202
2015	9,345,000	1,786,006,100	None	200,000	204,584,400	21,593,300	39,173,700	1,173,177	2,062,055,677	141,860,200	1,920,195,477	2,321,206,993	1.213
<b>Township of Chatham</b>													
2006	\$ 60,972,700	\$ 2,488,667,600	\$ 10,721,000	\$ 475,100	\$ 121,434,900	\$ 13,725,100	\$ 60,280,000	\$ 1,228,357	\$ 2,757,484,757	\$ 157,771,000	\$ 2,599,713,757	\$ 2,732,050,104	\$ 0.899
2007	51,091,100	2,538,114,699	13,511,800	479,200	190,531,300	13,725,100	54,660,000	1,133,118	2,863,246,317	156,532,000	2,706,714,317	3,089,647,830	0.930
2008	46,219,100	2,638,012,800	13,684,800	455,300	121,926,400	13,725,100	26,525,000	1,135,045	2,861,683,545	159,523,300	2,702,160,245	3,200,792,772	0.975
2009	33,722,900	2,700,613,700	12,433,100	441,100	119,189,900	13,725,100	55,330,000	1,287,858	2,936,723,658	161,760,800	2,774,962,858	3,229,679,613	1.020
2010	31,098,400	2,724,471,100	14,277,500	245,100	119,702,100	13,725,100	56,110,000	1,401,393	2,961,030,693	175,132,800	2,785,897,893	3,193,385,085	1.020
2011	31,381,800	2,749,929,300	14,497,600	247,000	120,292,100	13,725,100	51,000,000	1,542,789	2,982,615,689	176,510,100	2,806,105,589	3,185,247,249	1.071
2012	27,977,300	2,754,348,700	13,868,900	230,300	120,292,100	13,725,100	51,000,000	1,599,125	2,983,041,525	177,150,400	2,805,891,125	3,213,107,447	1.090
2013	24,266,400	2,792,025,700	9,623,300	163,700	120,198,900	13,725,100	51,000,000	*	3,011,003,100	*	*	3,242,032,506	*
2014	17,697,800	2,830,794,100	10,070,500	171,200	120,623,800	13,725,100	51,000,000	*	3,044,082,500	*	*	*	*
2015	21,646,700	2,865,962,000	10,070,500	171,200	120,375,700	1,285,800	51,315,000	*	3,070,826,900	*	*	*	*

Source: Table of Aggregates  
Note:

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

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

b Tax rates are per \$100

\* Information not available

School District of the Chathams  
Property Tax Rates-Direct and Overlapping Governments  
Last Ten Years  
(rate per \$100 of assessed value)

Unaudited

Year Ended December 31,	School District of the Chathams Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipality	Morris County	
<b>Borough of Chatham</b>						
2006	\$ 0.89	\$ 0.04	\$ 0.93	\$ 0.32	\$ 0.25	\$ 1.50
2007	0.87	0.06	0.93	0.33	0.26	1.52
2008	0.93	0.06	0.99	0.35	0.27	1.60
2009	0.97	0.06	1.03	0.36	0.27	1.66
2010	0.97	0.06	1.03	0.35	0.27	1.65
2011	1.06	0.06	1.12	0.37	0.26	1.75
2012	1.09	0.06	1.15	0.40	0.28	1.82
2013	1.12	0.06	1.18	0.40	0.29	1.87
2014	1.14	0.06	1.20	0.41	0.29	1.90
2015	1.15	0.06	1.21	0.41	0.28	1.90
<b>Township of Chatham</b>						
2006	\$ 0.86	\$ 0.04	\$ 0.90	\$ 0.29	\$ 0.25	\$ 1.44
2007	0.87	0.06	0.93	0.30	0.26	1.49
2008	0.92	0.05	0.98	0.31	0.27	1.55
2009	0.97	0.05	1.02	0.33	0.25	1.60
2010	0.97	0.05	1.02	0.33	0.25	1.60
2011	1.02	0.05	1.07	0.33	0.26	1.65
2012	1.02	0.05	1.07	0.33	0.26	1.65
2013	*	*	*	*	*	*
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*

**Source:**  
A4F and Table of Aggregates

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.  
**b** Rates for debt service are based on each year's requirements.

\* Information not available

School District of the Chathams  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Unaudited

	2015			2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
<u>Chatham Borough</u>					
S/K Chatham Associates	\$ 11,794,800	0.57%	Morehouse Estates LLC	\$ 14,025,700	0.69%
Normandy Chatham, LLC	11,505,800	0.56%	One Main Street Associates	13,176,400	0.65%
One Main Street Associates	9,000,000	0.44%	B/K Jefferson/Hamilton LLC	11,794,800	0.58%
Chatham Project, LLC	7,310,000	0.35%	J. Apgar & J. Volker	10,904,500	0.54%
Levin Properties, LP	6,884,600	0.33%	Foursome Associates	8,830,200	0.43%
J. Apgar	6,880,100	0.33%	Town Square Partners	8,537,700	0.42%
Foresome Group	6,613,600	0.32%	Levin Properties, LP	6,884,600	0.34%
Town Square Partners	5,742,700	0.28%	Driscoll Properties LP	6,161,900	0.30%
Silverman Group	4,530,500	0.22%	Kaplan Elbert & Associates	4,261,100	0.21%
Jackson House Apartments	3,800,000	0.18%	Maher, Baroukh & Vilma	4,079,600	0.20%
Total	<u>\$ 74,062,100</u>	<u>3.59%</u>	Total	<u>\$ 88,656,500</u>	<u>4.36%</u>
<u>Township of Chatham**</u>					
Home Poperties Chatham Hill, LLC	*	*	Home Poperties Chatham Hill, LLC	\$ 44,660,000	1.62%
Hickory Square Associates LP	*	*	Hickory Square Associates LP	26,420,700	0.96%
Fairmount Country Club	*	*	Rosepond LLC	20,625,000	0.75%
Texas Eastern Transmission Corp.	*	*	Fairmount Country Club	18,390,100	0.67%
Giralda Farms	*	*	Chatham Hills, Inc.	15,600,000	0.57%
Transcontinental Gas Pipeline Corp.	*	*	Texas Eastern Transmission Corp.	15,127,200	0.55%
Chatham Hills, Inc.	*	*	Rockson Operating Partnership LP	12,660,500	0.46%
Juniper Assisted Living Residence	*	*	Transcontinental Gas Pipeline Corp	10,976,300	0.40%
Hanks and Condon, LLC	*	*	Juniper Assisted Living Residence	9,666,000	0.35%
Chatham Mall Assoc LLC	*	*	Hanks and Condon, LLC	7,466,000	0.27%
Total	*	*	Total	<u>\$ 181,591,800</u>	<u>6.59%</u>

Source: District CAFR & Municipal Tax Assessor.

\*\* This information was not provided by the Township of Chatham.

School District of the Chathams  
Property Tax Levies and Collections  
Last Ten Years

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year - School District of the Chathams	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 40,462,161	\$ 40,462,161	100.00%	-
2007	43,605,298	43,605,298	100.00%	-
2008	46,625,391	46,625,391	100.00%	-
2009	49,793,222	49,793,222	100.00%	-
2010	50,753,021	50,753,021	100.00%	-
2011	54,289,371	54,289,371	100.00%	-
2012	55,524,892	55,524,892	100.00%	-
2013	56,734,233	56,734,233	100.00%	-
2014	58,611,994	58,611,994	100.00%	-
2015	60,397,848	60,397,848	100.00%	-

Year Ended December 31,	Taxes Levied for the Fiscal Year - Borough of Chatham	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 28,293,299	\$ 27,997,342	98.95%	\$ 295,957
2006	30,643,935	30,242,464	98.69%	401,471
2007	31,176,717	30,870,814	99.02%	305,903
2008	32,899,145	32,583,610	99.04%	315,535
2009	34,236,517	33,861,184	98.90%	375,333
2010	34,818,611	34,148,365	98.08%	670,246
2011	36,110,675	35,593,677	98.57%	516,998
2012	37,522,368	37,081,025	98.82%	441,343
2013	38,498,159	38,163,043	99.13%	335,116
2014	39,135,444	38,691,949	98.87%	443,495

Year Ended December 31,	Taxes Levied for the Fiscal Year - Township of Chatham	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 36,266,605	\$ 35,846,789	98.84%	\$ 419,816
2006	40,194,857	39,756,462	98.91%	438,395
2007	42,580,137	42,025,237	98.70%	554,900
2008	45,332,669	44,771,903	98.76%	560,766
2009	46,405,540	45,773,092	98.64%	632,448
2010	47,709,719	47,036,066	98.59%	673,653
2011	49,677,509	48,991,001	98.62%	686,508
2012	50,526,518	49,738,810	98.44%	787,708
2013	51,729,909	51,091,103	98.77%	638,806
2014	53,408,511	52,764,058	98.79%	644,453

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

Note: The top chart represents the School District only, while the bottom two charts represent the total levy for each town/borough (municipality, county, school, etc).

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

School District of the Chathams  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Unaudited

Governmental Activities

Year Ended June 30,	General Obligation Bonds	Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita Income <sup>a</sup>
2006	\$ 42,070,000	\$ 89,575	\$ 42,159,575	0.16%	\$ 67,918
2007	41,110,000	876,145	41,986,145	0.17%	71,191
2008	39,945,000	689,929	40,634,929	0.18%	74,025
2009	38,870,000	687,870	39,557,870	0.17%	67,614
2010	37,810,000	369,998	38,179,998	0.18%	69,811
2011	36,700,000	489,989	37,189,989	0.19%	71,730
2012	35,535,000	157,152	35,692,152	0.21%	74,057
2013	34,325,000	-	34,325,000	0.22%	75,054
2014	33,055,000	-	33,055,000	*	*
2015	29,325,000	-	29,325,000	*	*

Source: District CAFR Schedules I-1 and District records.

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

\* Information not available

<sup>a</sup> See J-14 for personal income and population data. These ratios are calculated using personal income and population for the current calendar year.

School District of the Chathams  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Unaudited

General Bonded Debt Outstanding

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2006	\$ 42,070,000		\$ 42,070,000	2.23%	\$ 67,918
2007	41,110,000		41,110,000	2.17%	71,191
2008	39,945,000		39,945,000	2.09%	74,025
2009	38,870,000		38,870,000	2.03%	67,614
2010	37,810,000		37,810,000	1.97%	69,811
2011	36,700,000		36,700,000	1.92%	71,730
2012	35,535,000		35,535,000	1.86%	74,057
2013	34,325,000	\$ 77,646	34,247,354	1.79%	75,054
2014	33,055,000	154,034	32,900,966	1.72%	**
2015	29,325,000	257,397	29,067,603	1.51%	**

Source:

a See J-6 for property tax data.

b Population data can be found in J-14.

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

\*\* This information is not available for this District.



School District of the Chathams  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Chatham Township		Not Available	
Chatham Borough		Not Available	
Morris County General Obligation Debt		Not Available	
Subtotal, overlapping debt			Not Available
<b>School District the Chathams</b>			<u>\$ 29,067,603</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 29,067,603</u></u>

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

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

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

School District of the Chathams  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Unaudited

Legal Debt Margin Calculation for Fiscal Year 2015

	<u>Chatham Borough</u>	<u>Chatham Township</u>	Equalized valuation basis Total
2014	\$ 2,273,787,397	\$ 3,242,032,506	\$ 5,515,819,903
2013	2,293,457,313	3,242,032,506	5,535,489,819
2012	2,695,097,439	3,213,107,447	5,908,204,886
	<u>\$ 4,988,554,752</u>	<u>\$ 6,455,139,953</u>	<u>\$ 16,959,514,608</u>
Average equalized valuation of taxable property			\$ 5,653,171,536
Debt limit (4% of average equalization value)			\$ 226,126,861 a
Total Net Debt Applicable to Limit			<u>29,067,603</u>
Legal debt margin			<u>\$ 197,059,258</u>

Year ended June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 164,165,089	\$ 180,769,779	\$ 196,913,546	\$ 215,725,830	\$ 220,343,929	\$ 225,178,266	\$ 220,894,986	\$ 225,178,266	\$ 226,094,287	\$ 226,126,861
Total net debt applicable to limit	<u>42,070,000</u>	<u>41,110,000</u>	<u>39,945,000</u>	<u>38,870,000</u>	<u>37,810,000</u>	<u>36,700,000</u>	<u>35,535,000</u>	<u>34,325,000</u>	<u>33,055,000</u>	<u>29,067,603</u>
Legal debt margin	<u>\$ 122,095,089</u>	<u>\$ 139,659,779</u>	<u>\$ 156,968,546</u>	<u>\$ 176,855,830</u>	<u>\$ 182,533,929</u>	<u>\$ 188,478,266</u>	<u>\$ 185,359,986</u>	<u>\$ 190,853,266</u>	<u>\$ 193,039,287</u>	<u>\$ 197,059,258</u>
Total net debt applicable to the limit as a percentage of debt limit	25.63%	22.74%	20.29%	18.02%	17.16%	16.30%	16.09%	15.24%	14.62%	12.85%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

School District of the Chathams  
Demographic and Economic Statistics  
Last Ten Years

Unaudited

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
Borough of Chatham				
2005	8,305	\$ 522,633,650	\$ 62,930	0.00%
2006	8,201	556,995,518	67,918	2.50%
2007	8,171	581,701,661	71,191	2.30%
2008	8,171	604,858,275	74,025	2.99%
2009	8,196	554,164,344	67,614	5.20%
2010	8,970	626,204,670	69,811	5.20%
2011	9,012	646,430,760	71,730	5.10%
2012	9,072	671,845,104	74,057	5.30%
2013	9,039	678,413,106	75,054	2.90%
2014	9,022	**	**	3.70%
Township of Chatham				
2005	10,069	633,642,170	62,930	0.00%
2006	10,075	684,273,850	67,918	1.40%
2007	10,059	716,110,269	71,191	1.30%
2008	10,107	748,170,675	74,025	1.65%
2009	10,175	687,972,450	67,614	2.90%
2010	10,460	730,223,060	69,811	3.00%
2011	10,508	753,738,840	71,730	2.90%
2012	10,626	786,929,682	74,057	3.00%
2013	10,650	799,325,100	75,054	5.20%
2014	10,615	**	**	4.00%

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by County (Morris) estimated based upon the regional economic information system,

US Bureau of Economic Analysis, November 2014.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

\*\* This information is not available from State.

School District of the Chathams  
Principal Employers  
Current Year and Nine Years Ago

Unaudited

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
TOWNSHIP OF CHATHAM	*	*	*	*
BOROUGH OF CHATHAM	114	*	117	*

\* This information not available for the District.

School District of the Chathams  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years

Unaudited

<u>Function/Program</u>	<u>2006</u>	<u>2007</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	250.70	253.47	259.92	243.70	247.58	271.50	280.00	286.00	292.90	292.90
Special Education	34.30	56.00	48.80	69.30	73.00	84.20	89.30	95.30	120.30	127.80
Support Services										
Student & instruction related services	61.00	61.49	60.61	60.50	50.63	30.80	34.10	36.60	30.40	30.40
General administrative services	4.00	2.00	2.00	2.50	2.50	10.40	9.40	10.40	5.00	5.00
School administrative services	25.20	25.31	27.75	25.50	23.00	28.50	28.50	28.50	35.70	35.70
Business administrative services	8.50	9.50	9.00	9.00	7.00	7.00	8.00	8.00	8.00	8.00
Plant operation & maintenance	49.00	46.50	46.00	51.00	42.00	42.90	42.90	42.90	44.00	45.00
Pupil transportation	0.60	0.60	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>433.30</b>	<b>454.87</b>	<b>454.58</b>	<b>462.50</b>	<b>446.71</b>	<b>476.30</b>	<b>493.20</b>	<b>508.70</b>	<b>537.30</b>	<b>545.80</b>

Source: District Personnel Records  
 and 2015 budget support document.

School District of the Chathams  
Operating Statistics  
Last Ten Fiscal Years

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	4 Elementary Schools	1 Middle School	1 High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	3,458	\$ 41,699,837	\$ 12,059	-5.29%	288.28	13.3:1	11.2:1	11.9:1	3,376	3,307	3.37%	97.96%
2007	3,492	50,092,236	14,345	18.96%	294.50	12.6:1	10.4:1	11.4:1	3,450	3,392	2.19%	98.32%
2008	3,582	51,912,969	14,493	1.03%	308.72	13.7:1	10.7:1	11.5:1	3,574	3,432	3.59%	96.03%
2009	3,718	52,245,296	14,052	-3.04%	313.00	13.7:1	10.7:1	11.5:1	3,704	3,555	3.62%	95.98%
2010	3,897	53,268,159	13,669	-2.73%	320.58	13.7:1	10.7:1	11.5:1	3,895	3,749	5.17%	96.25%
2011	3,976	56,405,318	14,186	3.79%	326.50	12.9:1	12.1:1	11.2:1	3,970	3,818	1.93%	96.17%
2012	4,071	57,596,541	14,148	-0.27%	332.60	12.9:1	11.8:1	11.5:1	4,052	3,903	2.07%	96.32%
2013	4,116	60,932,114	14,804	4.63%	342.30	12.9:1	11.5:1	11.3:1	4,110	3,947	1.43%	96.03%
2014	4,127	63,706,166	15,436	4.27%	350.90	12.2:1	11.2:1	11.7:1	4,121	3,964	0.27%	96.19%
2015	4,112	66,915,043	16,273	5.42%	358.90	11.9:1	11.4:1	11.1:1	4,118	3,969	-0.07%	96.38%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

\* Information not available

\*\* This information is not yet available

School District of the Chathams  
School Building Information  
Last Ten Fiscal Years

Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>District Building</b>										
<b>Elementary</b>										
Milton Avenue School (1948)										
Square Feet	34,728	34,728	34,728	42,050	42,050	42,050	42,050	42,050	42,050	42,050
Capacity (students)	278	278	278	336	336	336	336	336	336	336
Enrollment	323	329	329	342	366	373	371	389	370	364
Southern Boulevard School (1928)										
Square Feet	51,983	51,983	51,983	76,890	76,890	76,890	76,890	76,890	76,890	76,890
Capacity (students)	416	416	416	615	615	615	615	615	615	615
Enrollment	527	526	484	490	502	493	491	463	452	456
Washington Avenue School (1952)										
Square Feet	40,293	40,293	40,293	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Capacity (students)	322	322	322	497	497	497	497	497	497	497
Enrollment	332	327	387	401	446	455	448	444	457	433
Lafayette Avenue School (1954)										
Square Feet	68,294	68,294	68,294	72,690	72,690	72,690	72,690	72,690	72,690	72,690
Capacity (students)	546	546	546	582	582	582	582	582	582	582
Enrollment	561	556	597	636	637	598	635	695	709	680
<b>Middle School</b>										
Chatham Middle School (1957)										
Square Feet	144,445	144,445	144,445	144,445	144,445	191,720	191,720	191,720	191,720	191,720
Capacity (students)	1,078	1,078	1,078	1,078	1,078	1,431	1,431	1,431	1,431	1,431
Enrollment	795	793	831	849	891	958	962	961	941	991
<b>High School</b>										
Chatham High School (1962)										
Square Feet	168,977	168,977	168,977	220,065	220,065	220,065	237,730	237,730	237,730	237,730
Capacity (students)	1,119	1,119	1,119	1,457	1,457	1,457	1,574	1,574	1,574	1,574
Enrollment	920	909	954	999	1,054	1,056	1,146	1,157	1,201	1,188

Number of Schools at June 30, 2015

  Elementary = 4

  Middle School = 1

  Senior High School = 1

**Source:** District Facilities Office

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

School District of the Chathams  
 Schedule of Required Maintenance for School Facilities  
 Last Ten Fiscal Years

Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities  
 Account # 11-000-261-xxx

Year ended June 30	Chatham HS	Chatham MS	Lafayette Avenue School	Washington Avenue School	Southern Blvd School	Milton Avenue School	Total
2006	\$ 310,006	\$ 168,723	\$ 112,791	\$ 74,405	\$ 61,980	\$ 104,027	\$ 831,932
2007	403,377	207,976	114,145	59,007	113,178	69,648	967,331
2008	334,919	225,782	114,500	66,680	94,210	57,741	893,832
2009	350,000	211,869	107,462	62,589	88,386	54,202	874,508
2010	362,272	244,290	123,907	72,165	101,911	62,496	967,041
2011	558,349	376,510	190,970	111,226	157,070	96,322	1,490,447
2012	369,719	249,311	126,453	73,649	104,006	63,781	986,919
2013	329,357	278,974	105,772	61,187	111,883	90,362	977,535
2014	377,113	304,127	115,309	98,510	121,971	66,704	1,083,734
2015	351,973	280,780	110,306	70,195	110,306	80,223	1,003,783
Grand Total School Facilities	\$ 4,193,183	\$ 2,801,373	\$ 1,352,782	\$ 827,251	\$ 1,171,604	\$ 937,816	\$ 11,284,009

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

Source: District records of required maintenance.



School District of the Chathams  
 Insurance Schedule  
 Year ended June 30, 2015

Unaudited

	<b>Coverage</b>	<b>Deductible</b>
<b>School Commercial Package Policy - Zurich</b>		
Property - Blanket, building and contents	\$ 127,246,883	\$ 5,000
Business Income	5,000,000	
Commercial General Liability	2,000,000	
Electronic Data Processing	3,000,000	1,000
Educators Legal Liability	1,000,000	10,000
<b>Leased / Contractor Equipment - Zurich</b>	400,000	1,000
<b>Commercial Automotive Liability - Zurich</b>	1,000,000	1,000
<b>Workers Compensation - NJASBAIG</b>	2,000,000	
<b>Systems Breakdown - Boiler &amp; Machinery - Zurich</b>	50,000,000	5,000
<b>Pollution - Commerce &amp; Industry Ins. (AIG)</b>	1,000,000	10,000
<b>Umbrella Excess Liability - Zurich</b>	10,000,000	10,000
<b>Crime - Zurich</b>		
Employee Theft	500,000	5,000
Forgery / Fraud	50,000	1,000
Computer Fraud	50,000	1,000
<b>School District and Educators Legal Liability - Zurich</b>	1,000,000	10,000
<b>Volunteer Accident - Maskin</b>		
Maximum Amount Per Injury	250,000	
<b>Public Officials Bonds</b>		
Treasurer of School Monies - Selective Insurance	325,000	
Business Administrator - Selective Insurance	300,000	
Assistant Business Administrator - Selective Insurance	150,000	

Source: District Records and Insurance Company.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
School District of the Chathams  
Chatham, New Jersey  
County of Morris

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of the Chathams, in the County of Morris, New Jersey (the "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, and have issued our report thereon dated December 9, 2015.

**Internal Control Over Financial Reporting**

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

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

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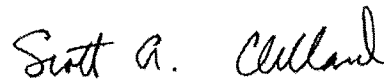
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

December 9 2015  
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and Report on  
Internal Control Over Compliance Required by  
OMB Circular A-133 and New Jersey OMB Circular 15-08

Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
School District of the Chathams  
Chatham, New Jersey  
County of Morris

**Report on Compliance for Each Major Federal and State Program**

We have audited the School District of the Chathams, in the County of Morris, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' 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 its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and 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 *Government 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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New

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Bethlehem, PA 18018  
484.821.5735

Jersey OMB Circular 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the District 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 federal and state programs for the year ended June 30, 2015.

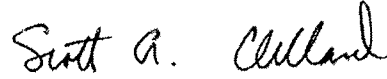
### **Report on Internal Control Over Compliance**

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 federal or 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 material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 9, 2015  
Iselin, New Jersey

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS

Schedule of Expenditures of Federal Awards, Schedule A  
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2014	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2015			
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>Enterprise Fund:</b>												
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Donation Program (NC)	10.555	7/1/14-6/30/15	\$ 36,477		\$ 36,477	\$ 34,538				\$ 1,939		
Food Donation Program (NC)	10.555	7/1/13-6/30/14	31,557	\$ 2,333		2,333						
National School Lunch Program	10.555	7/1/14-6/30/15	43,142		39,634	43,142		\$ (3,508)				
National School Lunch Program	10.555	7/1/13-6/30/14	54,727	(4,321)	4,321	-		-				
Total U.S. Department of Agriculture Passed - Through State Department of Education				(1,988)	80,432	80,013		(3,508)		1,939		
<b>Special Revenue Fund:</b>												
U.S. Department of Education Passed - Through State Department of Education:												
N.C.L.B. Title II A	84.367A	7/1/14-6/30/15	56,498		56,498	56,498						
N.C.L.B. Title III	84.365A	7/1/14-6/30/15	10,998		10,997	10,997						
N.C.L.B. Title III - Carryover	84.365A	7/1/13-6/30/14	10,812	(1,331)	1,331							
N.C.L.B. Title III Immigrant Carryover	84.365A	7/1/13-6/30/14	15,687	(205)	205							
I.D.E.I.A. Part B, Basic	84.027A	7/1/14-6/30/15	823,729		808,292	820,045		(11,753)				
I.D.E.I.A. Part B, Basic - Carryover	84.027A	7/1/13-6/30/14	781,600	(228,025)	241,749	13,724						
I.D.E.I.A. Part B, Preschool	84.173A	7/1/14-6/30/15	22,397		22,349	22,349						
I.D.E.I.A. Part B, Preschool - Carryover	84.173A	7/1/13-6/30/14	22,404	(13,342)	13,819	477	\$ -	\$ -	-	-	-	-
Total Special Revenue Funds				(242,903)	1,155,240	924,090	-	-	(11,753)	-	-	-
Total Federal Financial Assistance				\$ (244,891)	\$ 1,235,672	\$ 1,004,103	\$ -	\$ -	\$ (15,261)	\$ 1,939	\$ -	\$ -

NC - Non-cash expenditures



BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS

Schedule of Expenditures of State Financial Assistance, Schedule B  
Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015			MEMO			
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education:															
General Fund:															
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 1,657,762			\$ 1,514,691	\$ 1,657,762							\$ (143,071)	\$ 1,657,762
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	1,657,762	\$ (170,007)		170,007									
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	151,760			138,663	151,760							(13,097)	151,760
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	151,760	(15,563)		15,563									
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	62,418			57,031	62,418							(5,387)	62,418
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	62,418	(6,401)		6,401									
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1			1	1								1
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	40,600			37,096	40,600							(3,504)	40,600
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	40,600			37,096	40,600							(3,504)	40,600
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	470,149				470,149			\$ (470,149)					470,149
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	475,066	(475,066)		480,026	4,960								4,960
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	47,862				47,862			(47,862)					47,862
Non-Public Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	54,205	(54,205)		54,205									
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/006/007	7/1/14-6/30/15	3,775,491			3,775,491	3,775,491								3,775,491
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	2,068,558			1,865,730	2,068,558			(202,828)					2,068,558
Reimbursed TPAF Social Security Contribution	14-495-034-5094-003	7/1/13-6/30/14	1,962,367	(193,178)		193,178	-			-				-	-
<b>Total General Funds</b>				<b>(914,420)</b>		<b>8,345,179</b>	<b>8,320,161</b>			<b>(720,839)</b>				<b>(168,563)</b>	<b>8,320,161</b>
Special Revenue Fund:															
New Jersey Nonpublic Aid:															
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	18,589			18,589	18,589								18,589
Auxiliary Services:															
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	19,708			19,708	14,064				\$ 5,644				14,064
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	914			914					914				
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	873	873				\$ 873							
Handicapped Services:															
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	38,364			38,364	38,363					1			38,363
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	29,466	320											
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	26,505			26,505	14,048					12,457			14,048
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	23,436	6,640				6,640							
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	24,796			24,796	22,678					2,118			22,678
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	21,996	277				277							
Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	9,984			9,984	9,792					192			9,792
Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	6,660	80				80							
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	43,062			43,062	43,062								43,062
<b>Total Special Revenue Funds</b>				<b>8,190</b>		<b>181,922</b>	<b>160,596</b>			<b>8,190</b>				<b>21,326</b>	<b>160,596</b>
Capital Projects Fund:															
N.J. Economic Development Authority															
Educational Facilities Construction & Financing Act:															
N.J. Schools Development Authority	0785-030-14-G2II/1003	8/12/14 - Completion	71,280				11,940			(11,940)					11,940
N.J. Schools Development Authority	0785-030-14-G2IJ/1004	8/12/14 - Completion	46,728			46,728	46,728								46,728
N.J. Schools Development Authority	0785-070-14-G2IK/1005	8/12/14 - Completion	67,888	-		-	10,085			(10,085)					10,085
<b>Total Capital Project Funds</b>				<b>-</b>		<b>46,728</b>	<b>68,753</b>			<b>(22,025)</b>					<b>68,753</b>
Enterprise Fund:															
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	3,974			3,540	3,974			(434)					3,974
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	5,018	(647)		647	-			-					-
<b>Total Enterprise Fund</b>				<b>(647)</b>		<b>4,187</b>	<b>3,974</b>			<b>(434)</b>					<b>3,974</b>
<b>Total All Funds</b>				<b>\$ (906,877)</b>	<b>\$ -</b>	<b>\$ 8,578,016</b>	<b>\$ 8,553,484</b>	<b>\$ 8,190</b>	<b>\$ (743,298)</b>	<b>\$ -</b>	<b>\$ 21,326</b>	<b>\$ (168,563)</b>	<b>\$ 8,553,484</b>		
State Financial Assistance Not Subject to Single Audit Determination:															
On-Behalf TPAF Pension and Medical Contributions	15-495-034-001/006/007	7/1/14-6/30/15	3,775,491			3,775,491	3,775,491								3,775,491
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (906,877)</b>	<b>\$ -</b>	<b>\$ 4,802,525</b>	<b>\$ 4,777,993</b>	<b>\$ 8,190</b>	<b>\$ (743,298)</b>	<b>\$ -</b>	<b>\$ 21,326</b>	<b>\$ (168,563)</b>	<b>\$ 4,777,993</b>		

School District of the Chathams  
Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2015

**1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the District. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some of the amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 of accounting with the exception of the revenue recognition of the last state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, the payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year.

School District of the Chathams  
Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2015

**3. Relationship to Basic Financial Statements (continued)**

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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$23,408 for the general fund and \$870 for the special revenue fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund, special revenue fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		\$ 8,343,569	\$ 8,343,569
Special Revenue Fund	\$ 927,131	160,596	1,087,727
Capital Projects Fund		68,753	68,753
Enterprise Fund	80,013	3,974	83,987
Total financial award revenues	\$ 1,007,144	\$ 8,576,892	\$ 9,584,036

**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.

**5. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2015 amounted to \$3,775,491. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey's OMB Circular 15-08, as directed by the funding agency.

School District of the Chathams  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u>  X  </u> No

**Federal Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	_____ <u>  X  </u> Yes _____ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	_____ Yes <u>  X  </u> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027A / 84.173A	IDEIA Part B Basic and Preschool Cluster

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2015

**Part I - Summary of Auditors' Results (continued)**

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  Yes   No

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

Internal control over major programs:

Material weakness(es) identified?   Yes  X  No

Significant deficiency(ies) identified?   Yes  X  No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?   Yes  X  No

Identification of major programs:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5094-003	Reimbursed TPAF Social Security Contributions
100-034-5120-473	Extraordinary Aid

School District of the Chathams  
Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part II - Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

School District of the Chathams  
Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part III - Schedule of Federal and State Award Findings  
and Questioned Costs**

No federal or state award findings or questioned costs noted that are required to be reported in accordance with federal OMB Circular A-133 or New Jersey OMB Circular 15-08.

School District of the Chathams  
Summary Schedule of Prior Year  
Audit Findings  
Year ended June 30, 2015

Not applicable.