

# 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, 2020*

**School District of the Chathams**

**Chatham, New Jersey**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION



## School District of the Chathams

259 Lafayette Avenue  
Chatham, NJ 07928  
973-457-2526  
973-457-2481 FAX

Peter Daquila  
Business Administrator/  
Board Secretary

January 25, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report ("CAFR") of the School District of the Chathams (the "District") as of and for the year ended June 30, 2020, 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 CAFR 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), 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 pre-K through 12. These services include general and vocational as well as special education for students with disabilities. The District completed the 2019/2020 fiscal year with an average daily enrollment of 4,041 students, which is a decrease of 71 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</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2019/2020	4,041	(1.7)%
2018/2019	4,112	(1.3)%
2017/2018	4,164	(1.2)%
2016/2017	4,213	1.6%
2015/2016	4,145	1.0%

## 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 \$5,371,161,300 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 Student Learning 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. *U.S. News and World Report* has 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. *New Jersey Monthly* has twice 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 accounting principles generally accepted in the United States of America (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 Board and New Jersey Department of Education. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. The legal level of budgetary control is at the line-item level in each fund. 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 assigned fund balance at June 30, 2020.

#### 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 and the government-wide financial statements 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, 2020, 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 capital improvements at all of the schools instead of incurring additional debt. The taxpayers approved a \$15,864,300 referendum in September 2016. The referendum was for six (6) projects which include renovating the Chatham High School auditorium, renovating the Chatham Middle School auditorium, a STEM classroom addition at the Chatham Middle School, a four (4) classroom addition at the Milton Avenue School, various improvements at the Cougar Field complex and partial roof replacements at three (3) schools

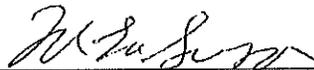
9. OTHER INFORMATION:

*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 Federal Uniform Guidance and State Treasury Circular Letter NJ OMB 15-08. The auditors' report on the basic financial statements, required supplementary information and other 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.

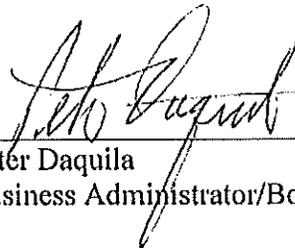
10. ACKNOWLEDGMENTS:

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,

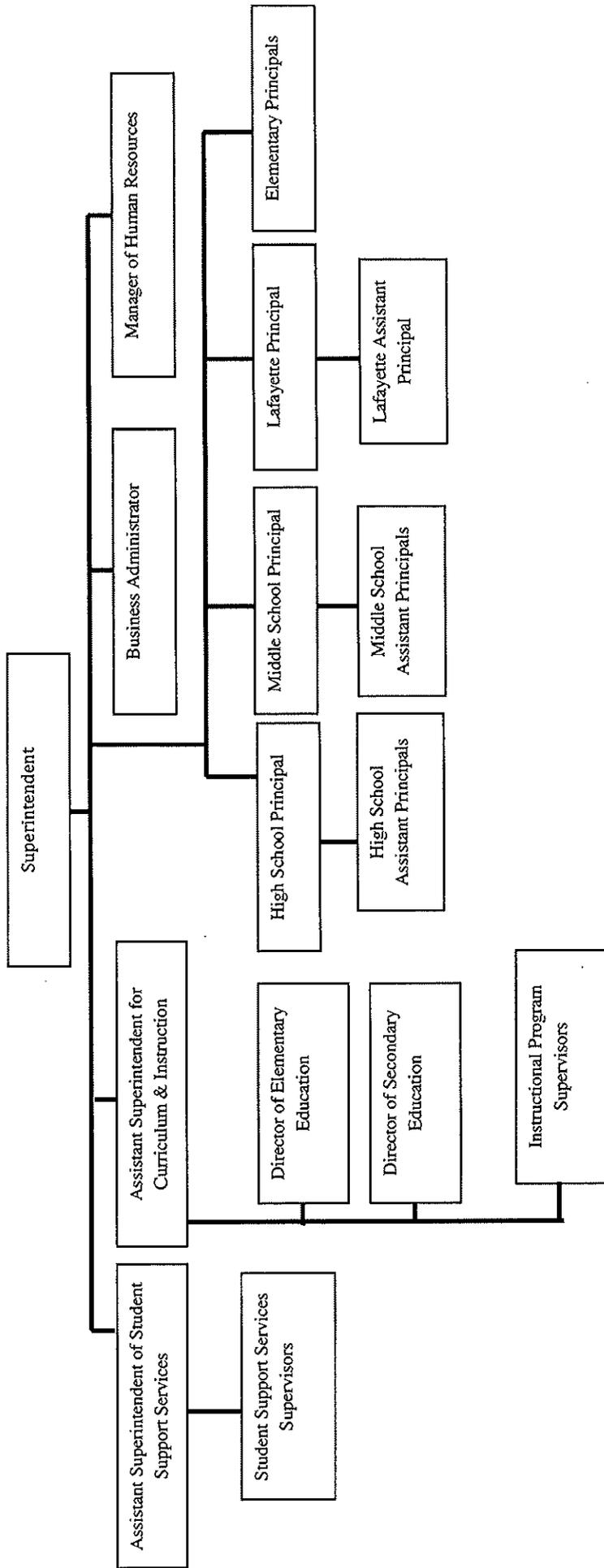


Dr. Michael LaSusa  
Superintendent



Peter Daquila  
Business Administrator/Board Secretary

SCHOOL DISTRICT  
OF THE CHATHAMS  
ADMINISTRATION



ADMINISTRATIVE  
ORGANIZATIONAL CHART  
Revised 10/1/18

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

**Roster of Officials**

**June 30, 2020**

**Members of the Board of Education**

**Expires**

Jill Critchley Weber, President	2020
Matthew Gilfillan, Vice President	2022
Sal Arnuk	2022
Ann Ciccarelli	2021
Michelle Clark	2021
Lata Kenney	2021
Michael Ryan	2020
Bradley Smith	2020
Michael Valenti	2022

**Other Officers**

Dr. Michael LaSusa, Superintendent of Schools

Peter Daquila, RSBA, Business Administrator/Board Secretary

Tatiana Gilbert, Assistant Business Administrator/Assistant Board Secretary

John Csatlos, Treasurer of School Monies

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

**Consultants, Independent Auditor and Advisors**

**June 30, 2020**

**Architects**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

**Independent Auditor**

Wiss & Company, LLP  
100 Campus Drive, Suite 400  
Florham Park, NJ 07932

**Attorney**

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

**Legal Services – Bond Counsel**

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

**Official Depositories**

PNC Bank  
233 Main Street  
Madison, NJ 07940

Investors Bank  
101 JFK Parkway  
Short Hills, NJ 07078

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, 2020, 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.

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, 2020, 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.

### ***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 pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability and changes in the total OPEB liability and related ratios – PERS and 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.

#### ***Other Information***

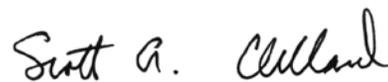
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB 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 section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

January 25, 2021  
Florham Park, 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, 2020

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, 2020. 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 outflows and inflows of resources 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 21-22 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 23-25 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 26-28 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, unemployment compensation claims and payroll related liabilities. The fiduciary fund financial statements can be found on pages 29-30 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 31-69 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 70-94 of this report.

## **Financial Highlights**

Key financial highlights for the 2019-2020 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2020.
- The District made a deposit to its capital reserve in the amount of \$2,000,000 and created an emergency reserve with a deposit of \$250,000.

## 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 \$35,146,811 at the close of fiscal 2020. The following table provides a summary of net position at June 30, 2020 and 2019 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,299,615	\$ 8,909,929	\$ 289,571	\$ 388,400	\$ 8,589,186	\$ 9,298,329
Capital Assets, net	87,362,081	86,615,904	456,053	481,919	87,818,134	87,097,823
Total Assets	<u>95,661,696</u>	<u>95,525,833</u>	<u>745,624</u>	<u>870,319</u>	<u>96,407,320</u>	<u>96,396,152</u>
Deferred outflows of resources	<u>3,898,752</u>	<u>5,222,614</u>			<u>3,898,752</u>	<u>5,222,614</u>
Current and other liabilities	5,587,936	5,429,810	148,718	150,932	5,736,654	5,580,742
Net pension liability	12,976,236	14,398,532			12,976,236	14,398,532
Long-term liabilities	41,366,263	44,080,655	-	-	41,366,263	44,080,655
Total Liabilities	<u>59,930,435</u>	<u>63,908,997</u>	<u>148,718</u>	<u>150,932</u>	<u>60,079,153</u>	<u>64,059,929</u>
Deferred inflow of resources	<u>5,080,108</u>	<u>4,963,816</u>			<u>5,080,108</u>	<u>4,963,816</u>
Net Position:						
Net investment in capital assets	45,077,251	44,359,450	456,053	481,919	45,533,304	44,841,369
Restricted	5,541,311	3,096,623			5,541,311	3,096,623
Unrestricted (deficit)	<u>(16,068,657)</u>	<u>(15,580,439)</u>	<u>140,853</u>	<u>237,468</u>	<u>(15,927,804)</u>	<u>(15,342,971)</u>
Total Net Position	<u>\$ 34,549,905</u>	<u>\$ 31,875,634</u>	<u>\$ 596,906</u>	<u>\$ 719,387</u>	<u>\$ 35,146,811</u>	<u>\$ 32,595,021</u>

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 and capital leases) 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 increased \$2,551,790 during the current fiscal year, as a result of decreases to the net pension liability and related deferrals which are allocated to the District by the State, and by current year operational performance.

Current and other assets decreased mainly due to the spending of restricted cash on capital projects.

Capital assets, net increased due to capital asset additions exceeding depreciation expense.

Long-term liabilities decreased mainly due to the scheduled payment of principal on debt.

The change in the net pension liability and related deferred inflows and outflows is the result of performance of the Public Employee's Retirement System pension plan as well as changes in allocations as measured by the State of New Jersey, Division of Pension and Benefits.

**District Activities.** The key elements of the District's changes in net position for the years ended June 30, 2020 and 2019 are as follows:

	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 453,749	\$ 284,303	\$ 852,827	\$ 1,266,481	\$ 1,306,576	\$ 1,550,784
Operating Grants and Contributions	1,101,874	1,246,808	51,973	81,292	1,153,847	1,328,100
Capital Grants and Contributions	155,339	119,720			155,339	119,720
<b>General Revenue:</b>						
Property Taxes	68,517,359	67,289,113			68,517,359	67,289,113
Federal and State Aid	19,495,653	21,013,971			19,495,653	21,013,971
Earnings on Investments	164,893	170,781			164,893	170,781
Miscellaneous	579,693	649,444			579,693	649,444
<b>Total Revenue</b>	<b>90,468,560</b>	<b>90,774,140</b>	<b>904,800</b>	<b>1,347,773</b>	<b>91,373,360</b>	<b>92,121,913</b>
<b>Expenses:</b>						
Instruction	53,711,562	53,879,765			53,711,562	53,879,765
Support Services	13,303,090	13,804,784			13,303,090	13,804,784
Administration and Business	8,725,894	8,659,386			8,725,894	8,659,386
Maintenance and Operations	7,614,503	7,920,949			7,614,503	7,920,949
Transportation	2,721,247	3,124,966			2,721,247	3,124,966
Special Schools	314,075	279,176			314,075	279,176
Charter Schools		32,757			-	32,757
Interest on long-term liabilities	1,403,918	1,474,153			1,403,918	1,474,153
Business Type Activities			1,027,281	1,241,311	1,027,281	1,241,311
<b>Total Expenses</b>	<b>87,794,289</b>	<b>89,175,936</b>	<b>1,027,281</b>	<b>1,241,311</b>	<b>88,821,570</b>	<b>90,417,247</b>
<b>Change in Net Position</b>	<b>2,674,271</b>	<b>1,598,204</b>	<b>(122,481)</b>	<b>106,462</b>	<b>2,551,790</b>	<b>1,704,666</b>
Net position - beginning	31,875,634	30,277,430	719,387	612,925	32,595,021	30,890,355
Net position - ending	<b>\$ 34,549,905</b>	<b>\$ 31,875,634</b>	<b>\$ 596,906</b>	<b>\$ 719,387</b>	<b>\$ 35,146,811</b>	<b>\$ 32,595,021</b>

*Revenue Sources.* The District's total revenue for the 2019/20 school year was \$90,468,560. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$68,517,359 of the total, or 75.04 percent. Another 21.35 percent came from state aid not restricted for specific programs, 1.36 percent from operating and capital grants and contributions, 1.43 percent came from charges for services and the remainder from other miscellaneous sources.

Included in the State Aid revenue is the TPAF, Pension and Social Security Employer Share, and retirees' post-employment benefits paid by the State. The change from 2018/19 to 2019/20 can be attributed to a decrease in actuarial determined pension and post-retirement benefits liabilities.

The District primarily conducts its operations from the revenue it receives from its local taxpayers.

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 \$1,127,030, while the total fund balance was \$6,868,331. The net change in total fund balance for the General Fund was an increase of \$1,994,692, which is mainly attributable to a reduction of expenditures due to the COVID-19 Pandemic.

*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. Revenues and expenditures for the current fiscal year were comparable to the prior fiscal year, with a decrease of \$109,315 attributable mainly to a decrease in expenditures of local grants. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$773,430.

*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 approved a bond referendum on January 25, 2017 and issued school bonds in the amount of \$15,864,000 for school building improvements and renovations. During the year ended June 30, 2020, the District expended the remaining balance of the referendum projects.

*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 \$69,306, which is primarily attributable to a return of unexpended bond proceeds from the capital projects fund during the current fiscal year as well as due to savings from the bond refunding in the prior year. Of this fund balance, \$48,990 has been designated for use in the 2020-21 budget and \$20,316 will be designated for use in the 2021-22 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 General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2020, and the increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2019</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 69,963,078	81.68%	\$ 1,337,968	1.95%
State Sources	14,878,443	17.37%	851,448	6.07%
Federal Sources	812,547	0.95%	(88,912)	(9.86%)
	<u>\$ 85,654,068</u>	<u>100.00%</u>	<u>\$ 2,100,504</u>	2.51%

The increase in local sources is mainly attributable to an increase in the tax levy of \$1,228,246.

The increase of \$851,448 or 6.07% of State sources in FY 2020 is mainly the result of a \$648,320 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District, a \$309,073 increase in categorical special education aid, as well as an increase of TPAF Social Security reimbursed by the state of \$121,117. These increases were offset by decreases in on behalf payments for post-retirement medical benefits.

The decrease of \$88,912 or 9.86% of Federal sources in FY 2020 is mainly the result of a decrease in IDEA revenue of \$64,847 in the current year as a result of decreased expenditures as compared with the prior year. Also contributing to the decrease was a FEMA grant expended in FY 2019 that was not available in FY 2020.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2020 and the increases and decreases in relation to the prior year.

	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Current Expenditures				
Instruction	\$ 31,754,014	37.90%	\$ 615,921	1.98%
Undistributed	46,124,343	55.05%	173,091	0.38%
Special Schools	187,967	0.22%	26,902	16.70%
Capital Outlay	1,836,431	2.19%	(1,926,867)	(51.20%)
Debt Service				
Principal	2,331,449	2.78%	106,959	4.81%
Interest	1,554,668	1.86%	(59,623)	(3.69%)
	<u>\$ 83,788,872</u>	<u>100.00%</u>	<u>\$ (1,063,617)</u>	<u>(1.25%)</u>

The increase in undistributed expenditures is attributable mostly to an increase in on-behalf contributions of approximately \$532,793 expenditures paid for by the State of New Jersey on-behalf of the District.

The decrease in capital outlay is a result of a decrease in spending on capital projects.

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 decreased in the 2020 fiscal year by \$122,481. This decrease is primarily the result of reduced service beginning in March, 2020 due to the COVID-19 Pandemic.

## 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 below 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 required maintenance increased from the original budget by \$211,734 or 18.7% mainly as a result of increased cleaning services needed due to the COVID-19 Pandemic.
- The modified budget for security decreased by \$174,048 or 29.0% due to a reduced need for in-school security beginning in March, 2020 due to the COVID Pandemic.

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

- No material revenue variations required explanation in the current year.

### Expenditures

- The actual amounts expended for undistributed expenditures – custodial services were less than the final budget by approximately \$302,567 or 7.0% as a result of lower utility costs, related mainly to mandatory remote learning beginning in March, 2020 through the end of the fiscal year due to the COVID-19 Pandemic.
- The actual amounts expended for student transportation services were less than the final budget by \$490,736 as a result of the COVID-19 Pandemic causing the District to move to 100% remote learning beginning in March, 2020.

## Capital Assets

As of June 30, 2020 and 2019, the District had capital assets, net of accumulated depreciation, of \$87,818,134 and \$87,097,823, respectively, including land, construction in progress, building and building improvements, land improvements and machinery and equipment noted as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Land	\$ 11,616,511	\$ 11,616,511			\$ 11,616,511	\$ 11,616,511
Construction in Progress	3,813,679	1,512,702			3,813,679	1,512,702
Buildings and Building Improvements	66,622,260	68,336,837	\$ 289,207	\$ 290,733	66,911,467	68,627,570
Land Improvements	3,319,809	3,457,148			3,319,809	3,457,148
Machinery and Equipment	1,989,822	1,692,706	166,846	191,186	2,156,668	1,883,892
Total Capital Assets						
Net of Depreciation	\$ 87,362,081	\$ 86,615,904	\$ 456,053	\$ 481,919	\$ 87,818,134	\$ 87,097,823

More detailed information about the District's capital assets is presented in Note 6 to the District's basic financial statements.

### Debt Administration and Long-Term Liabilities

The District's long-term liabilities at June 30, 2020 and 2019 are as follows for the governmental activities:

	June 30,	
	2020	2019
General Obligation Bonds	\$ 37,075,000	\$ 39,119,000
Premium on Bonds	2,700,050	2,967,849
Capital Leases	3,821,208	4,108,656
Compensated Absences	517,569	517,811
Sub-total	<u>44,113,827</u>	<u>46,713,316</u>
Net Pension Liability	12,976,236	14,398,532
	<u>\$ 57,090,063</u>	<u>\$ 61,111,848</u>

More detailed information about the District's long-term liabilities is presented in Note 7 to the District's basic financial statements.

### Factors Bearing on the District's Future

In preparing the 2020-2021 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 legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget.

The Board has opted to continue zero based budgeting to ensure only effective programs/services are funded in the future. Due to the COVID-19 Pandemic, The 2020-2021 unrestricted fund balance will be limited to 4% 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 2021-2022 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 an expansion of shared services.

At the time these financial statements were prepared and audited, the District continues to be affected by the COVID-19 Pandemic. Technological, safety, cleaning and maintenance, and substitute employee expenses have all increased in the 2020-21 fiscal year as a result of the Pandemic. The District has received Federal assistance to mitigate these additional costs. However, the overall costs of these measures will likely have a negative financial impact on the District.

## **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 School Business Administrator, 259 Lafayette Avenue, 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, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,465,277	\$ 263,946	\$ 3,729,223
Accounts receivable	718,339	12,962	731,301
Inventories		12,663	12,663
Restricted assets:			
Cash and cash equivalents	4,115,999		4,115,999
Capital assets, non-depreciable	15,430,190		15,430,190
Capital assets, depreciable, net	<u>71,931,891</u>	<u>456,053</u>	<u>72,387,944</u>
Total Assets	<u>95,661,696</u>	<u>745,624</u>	<u>96,407,320</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	1,311,428		1,311,428
Pension deferrals	<u>2,587,324</u>		<u>2,587,324</u>
Total Deferred Outflows of Resources	<u>3,898,752</u>		<u>3,898,752</u>
<b>LIABILITIES</b>			
Accounts payable	1,753,791	33,325	1,787,116
Accrued interest payable	674,426		674,426
Payable to state government	9,854		9,854
Unearned revenue	402,301	115,393	517,694
Noncurrent liabilities:			
Net pension liability	12,976,236		12,976,236
Due within one year	2,747,564		2,747,564
Due beyond one year	<u>41,366,263</u>	<u>-</u>	<u>41,366,263</u>
Total Liabilities	<u>59,930,435</u>	<u>148,718</u>	<u>60,079,153</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension deferrals	<u>5,080,108</u>		<u>5,080,108</u>
<b>NET POSITION</b>			
Net investment in capital assets	45,077,251	456,053	45,533,304
Restricted for:			
Excess surplus	1,751,311		1,751,311
Capital reserve	3,540,000		3,540,000
Emergency reserve	250,000		250,000
Unrestricted (deficit)	<u>(16,068,657)</u>	<u>140,853</u>	<u>(15,927,804)</u>
Total Net Position	<u>\$ 34,549,905</u>	<u>\$ 596,906</u>	<u>\$ 35,146,811</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 37,096,620	\$ 354,253	\$ 321,156	\$ 155,339	\$ (36,265,872)		\$ (36,265,872)
Special education	12,844,136		722,429		(12,121,707)		(12,121,707)
Other instruction	3,770,806				(3,770,806)		(3,770,806)
Support services:							
Student and instruction related services	13,303,090		58,289		(13,244,801)		(13,244,801)
School administration services	4,709,445				(4,709,445)		(4,709,445)
General and business administration services	4,016,449				(4,016,449)		(4,016,449)
Operation and maintenance of plant services	7,614,503				(7,614,503)		(7,614,503)
Pupil transportation	2,721,247	99,496			(2,621,751)		(2,621,751)
Special schools	314,075				(314,075)		(314,075)
Interest and other costs on long-term debt	1,403,918				(1,403,918)		(1,403,918)
Total governmental activities	<u>87,794,289</u>	<u>453,749</u>	<u>1,101,874</u>	<u>155,339</u>	<u>(86,083,327)</u>		<u>(86,083,327)</u>
Business-type activities:							
Food Service	1,027,281	852,827	51,973	-	-	\$ (122,481)	(122,481)
Total business-type activities	<u>1,027,281</u>	<u>852,827</u>	<u>51,973</u>	<u>-</u>	<u>-</u>	<u>(122,481)</u>	<u>(122,481)</u>
Total primary government	<u>\$ 88,821,570</u>	<u>\$ 1,306,576</u>	<u>\$ 1,153,847</u>	<u>\$ 155,339</u>	<u>(86,083,327)</u>	<u>(122,481)</u>	<u>(86,205,808)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					65,360,364		65,360,364
Property taxes, levied for debt service					3,156,995		3,156,995
State aid not restricted					19,495,653		19,495,653
Investment Earnings					164,893		164,893
Miscellaneous Income					579,693		579,693
Total general revenues					<u>88,757,598</u>		<u>88,757,598</u>
Change in Net Position					2,674,271	(122,481)	2,551,790
Net Position—beginning					31,875,634	719,387	32,595,021
Net Position—ending					<u>\$ 34,549,905</u>	<u>\$ 596,906</u>	<u>\$ 35,146,811</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Balance Sheet  
Governmental Funds  
June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,322,594	\$ 98,130		\$ 44,553	\$ 3,465,277
Intergovernmental Accounts Receivable					
State	637,053	9,662			646,715
Federal		48,534			48,534
Local	10				10
Other accounts receivable	12,668				12,668
Interfunds receivable	10,412		\$ 5,411	24,753	40,576
Restricted cash and cash equivalents	3,790,000		325,999		4,115,999
Total Assets	\$ 7,772,737	\$ 156,326	\$ 331,410	\$ 69,306	\$ 8,329,779
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 619,845	\$ 23,321	\$ 306,657		\$ 949,823
Interfunds payable	5,411		24,753		30,164
Payable to state government		9,854			9,854
Unearned revenue	279,150	123,151			402,301
Total Liabilities	904,406	156,326	331,410		1,392,142
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus - current year	1,475,887				1,475,887
Excess surplus - designated for subsequent year's expenditures	275,424				275,424
Capital reserve	3,540,000				3,540,000
Emergency reserve	250,000				250,000
Debt service				\$ 69,306	69,306
<b>Assigned to:</b>					
Other Purposes	199,990				199,990
Unassigned	1,127,030				1,127,030
Total Fund Balances	6,868,331	-	-	69,306	6,937,637
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,772,737</b>	<b>\$ 156,326</b>	<b>\$ 331,410</b>	<b>\$ 69,306</b>	<b>8,329,779</b>

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 \$129,864,988 and the accumulated depreciation is \$42,502,907. See Note 6.	87,362,081
Long-term liabilities, including bonds payable, obligations under capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. See Note 7.	(44,113,827)
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.	(674,426)
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 bonds are deferred and amortized over the life of the bonds.	1,311,428
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(2,492,784)
Accrued pension contributions for the June 30, 2020 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.	(803,968)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(12,976,236)
<b>Net position of governmental activities</b>	<b>\$ 34,549,905</b>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 65,360,364			\$ 3,156,995	\$ 68,517,359
Tuition charges	354,253				354,253
Transportation fees	99,496				99,496
Interest earned on investments	144,577		\$ 20,316		164,893
Miscellaneous	579,693	\$ 267,700	-	-	847,393
<b>Total - Local Sources</b>	<b>66,538,383</b>	<b>267,700</b>	<b>20,316</b>	<b>3,156,995</b>	<b>69,983,394</b>
State sources	14,486,113	176,966		215,364	14,878,443
Federal sources	-	812,547	-	-	812,547
<b>Total Revenues</b>	<b>81,024,496</b>	<b>1,257,213</b>	<b>20,316</b>	<b>3,372,359</b>	<b>85,674,384</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	22,402,812	321,156			22,723,968
Special education instruction	5,926,430	722,429			6,648,859
Other instruction	2,381,187				2,381,187
Support services and undistributed costs:					
Tuition	2,216,158				2,216,158
Attendance/social work	64,137				64,137
Health services	608,676				608,676
Other support services	5,132,600	58,289			5,190,889
Improvement of instruction	781,444				781,444
School library	823,061				823,061
Instructional staff training	737,407				737,407
General administration services	967,010				967,010
School administration services	2,819,903				2,819,903
Central services	914,781				914,781
Administrative information technology	749,097				749,097
Required maintenance of school facility	894,714				894,714
Operations of plant services	4,007,990				4,007,990
Care and upkeep of grounds	222,256				222,256
Security	382,106				382,106
Pupil transportation services	2,706,324				2,706,324
Unallocated benefits	10,927,700				10,927,700
On-behalf TPAF social security, medical, disability and pension contributions	11,110,690				11,110,690
Debt service:					
Principal	287,449			2,044,000	2,331,449
Interest	96,813			1,457,855	1,554,668
Special schools	187,967				187,967
Capital outlay	1,681,092	155,339	2,473,083	-	4,309,514
<b>Total Expenditures</b>	<b>79,029,804</b>	<b>1,257,213</b>	<b>2,473,083</b>	<b>3,501,855</b>	<b>86,261,955</b>
Excess (Deficiency) of revenues over (under) expenditures	1,994,692	-	(2,452,767)	(129,496)	(587,571)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in				20,316	20,316
Transfers (out)			(20,316)	-	(20,316)
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>(20,316)</b>	<b>20,316</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,994,692</b>	<b>-</b>	<b>(2,473,083)</b>	<b>(109,180)</b>	<b>(587,571)</b>
Fund Balance—July 1	4,873,639	-	2,473,083	178,486	7,525,208
Fund Balance—June 30	\$ 6,868,331	\$ -	\$ -	\$ 69,306	\$ 6,937,637

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, 2020**

Total net change in fund balances - governmental funds (from B-2) \$ (587,571)

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.

Depreciation expense	\$	(3,441,323)	
Capital additions		4,187,500	746,177

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. 2,044,000

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 287,448

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. 267,799

Amortization of premium

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. (154,540)

Amortization of deferred loss

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 increase in the reconciliation. 37,492

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. 242

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. 33,224

Pension expense

**Change in net position of governmental activities (A-2) \$ 2,674,271**

PROPRIETARY FUND

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Net Position  
June 30, 2020**

	<u>Major Enterprise Fund Food Service</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 263,946
Accounts receivable:	
State	16
Federal	1,009
Other	11,937
Inventories	<u>12,663</u>
Total Current Assets	<u>289,571</u>
Noncurrent Assets:	
Capital assets:	
Depreciable:	
Furniture, machinery and equipment	822,003
Less accumulated depreciation	<u>(365,950)</u>
Total Capital Assets, net	<u>456,053</u>
Total Assets	<u>745,624</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	33,325
Unearned revenue	<u>115,393</u>
Total Current Liabilities	<u>148,718</u>
<b>NET POSITION</b>	
Investment in capital assets	456,053
Unrestricted	<u>140,853</u>
Total Net Position	<u>\$ 596,906</u>

*See accompanying notes to the basic financial statements.*

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Year Ended June 30, 2020**

	<u>Major Enterprise Fund Food Service</u>
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 207,295
Daily sales - non-reimbursable programs	645,532
Total Operating Revenues	<u>852,827</u>
 Operating Expenses:	
Cost of sales - reimbursable programs	269,834
Cost of sales - non-reimbursable programs	154,240
Salaries	335,045
Employee benefits	28,660
Other purchased services	16,038
Management fee	91,300
Supplies and materials	67,519
Miscellaneous	24,693
Depreciation	39,952
Total Operating Expenses	<u>1,027,281</u>
Operating Income	<u>(174,454)</u>
 Nonoperating Revenues:	
State sources:	
State school lunch program	3,026
Federal sources:	
National school lunch program	31,562
Food donation program	17,385
Total Nonoperating Revenues	<u>51,973</u>
Change in Net Position	<u>(122,481)</u>
 Total Net Position—Beginning	<u>719,387</u>
Total Net Position—Ending	<u>\$ 596,906</u>

*See accompanying notes to the basic financial statements.*

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Fund  
Statement of Cash Flows  
Year Ended June 30, 2020**

	<u>Major Enterprise Fund</u> <u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 873,215
Payments to employees	(335,045)
Payments for employee benefits	(28,660)
Payments to suppliers	<u>(655,290)</u>
Net cash (used for) operating activities	<u>(145,780)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	3,356
Federal sources	33,576
Food donation program	<u>19,888</u>
Net cash provided by noncapital financing activities	<u>56,820</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(14,086)</u>
Net cash (used for) capital and related financing activities	<u>(14,086)</u>
Net decrease in cash and cash equivalents	(103,046)
Cash and cash equivalents, beginning of year	<u>366,992</u>
Cash and cash equivalents, end of year	<u>\$ 263,946</u>
<b>Reconciliation of operating (loss) to net cash (used for) operating activities:</b>	
Operating (loss)	\$ (174,454)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	39,952
Changes in assets and liabilities:	
Increase in inventories	(3,629)
Increase in other accounts receivable	(2,932)
Increase in unearned revenue	23,320
Decrease in accounts payable	<u>(28,037)</u>
Total adjustments	<u>28,674</u>
Net cash (used for) operating activities	<u>\$ (145,780)</u>

*Noncash noncapital financing activities:*

The District received \$19,888 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2020.

FIDUCIARY FUNDS

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020**

	<b>Unemployment Compensation Trust Fund</b>	<b>Private- Purpose Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 379,584	\$ 43,983	\$ 668,236
Total Assets	<u>379,584</u>	<u>43,983</u>	<u>\$ 668,236</u>
<b>LIABILITIES</b>			
Interfund payable			\$ 10,412
Payroll deductions and withholdings payable			156,594
Unemployment claims payable	47,625		
Due to student groups			<u>501,230</u>
Total Liabilities	<u>47,625</u>		<u>\$ 668,236</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims	<u>\$ 331,959</u>		
Held in trust for scholarships		<u>\$ 43,983</u>	

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2020**

	Unemployment Compensation Trust <u>Fund</u>	Private- Purpose Scholarship <u>Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Employee	\$ 67,551	
Other	-	\$ 16,132
Total Contributions	<u>67,551</u>	<u>16,132</u>
Investment earnings:		
Interest	5,044	709
Total investment earnings	<u>5,044</u>	<u>709</u>
Total Additions	<u>72,595</u>	<u>16,841</u>
<b>DEDUCTIONS</b>		
Unemployment claims	53,665	
Scholarships awarded	-	14,020
Total Deductions	<u>53,665</u>	<u>14,020</u>
Change in Net Position	<u>18,930</u>	<u>2,821</u>
Net Position—beginning	<u>313,029</u>	<u>41,162</u>
Net Position—ending	<u>\$ 331,959</u>	<u>\$ 43,983</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

The financial statements of the Board of Education (“Board”) of the School District of the Chathams (“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 non-fiduciary 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, 2020

### **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, pension and capital leases are recorded only when payment is due.

Property taxes, interest, and state aid 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, 2020

### 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 and reports the financial resources that are restricted, committed or assigned for the payment of 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. The unemployment compensation trust fund and private-purpose scholarship trust funds are accounted for using the economic resources measurement focus. 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, 2020

### 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 internal activity has been eliminated from the government-wide financial statements.

The enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for sales of food. 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 non-operating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue 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, 2020

### 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. 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 overexpenditures 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, 2020

**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, 2020, the District had inventories in the Food Service Enterprise Fund in the amount of \$12,663, of which, the portion of unused Food Donation Program commodities in the amount of \$4,151 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 acquisition value on the date of acquisition. 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, 2020

### **I. 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. 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 type is recorded within that fund as the benefits accrue to employees. As of June 30, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$517,569 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 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, 2020 amounted to \$154,540. As of June 30, 2020, the District has an unamortized balance of \$1,311,428 recorded as a deferred outflow of resources.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

#### K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash received from local grants, which has been received but not yet earned. Unearned revenue in the general fund represents cash received for 2020-21 tuition for the District's Inclusion Preschool. Unearned revenue in the enterprise fund consists of unused donated food commodities and student deposits for future food purchases.

#### 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 the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

- 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 \$6,868,331 of fund balances in the General Fund, \$199,990 of encumbrances is assigned to other purposes, \$1,475,887 has been restricted for excess surplus-current year, \$275,424 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$3,540,000 has been restricted for the capital reserve, \$250,000 has been restricted for emergency reserve and \$1,127,030 is classified as unassigned. The District also has \$69,306 in the Debt Service Fund, which is restricted for debt service. Of this amount, \$48,990 has been appropriated in the 2020-21 approved budget.

### N. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources 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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

#### **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 or reimbursed by the State of New Jersey for social security and post-retirement pension and medical 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 \$3,978,019 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, 2020 was \$1,751,311. Of this amount, \$275,424 has been appropriated in the 2020-21 budget and the remaining \$1,475,887 will be appropriated in the 2021-22 budget.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

#### R. GASB Pronouncements

##### Recently Issued

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has determined that this Statement did not impact the District's financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2020. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

#### S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 25, 2021, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

As of June 30, 2020, District operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the District's operations, including unexpected deferrals of tax payments from the municipality, deferrals or reductions in state aid or an increase in expenses associated with this or any other potential infectious disease outbreak. District management cannot reasonably predict how long the Pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the District. District management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

### 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 unamortized premiums, obligation under capital lease 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 \$44,113,827 difference are as follows:

Bonds payable	\$ 37,075,000
Premium on bonds	2,700,050
Obligation under capital lease	3,821,208
Compensated absences payable	<u>517,569</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 44,113,827</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

#### 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 GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. 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 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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

### 3. Deposits and Investments (continued)

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, 2020, the carrying amount of the District's deposits was \$8,937,025, which includes restricted cash held with fiscal agents in the amount of \$325,999 related to bond proceeds not yet spent, and the bank balance was \$9,599,815. Of the bank balance, \$253,058 of the District's cash deposits on June 30, 2020 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$8,355,362. \$535,415 held in the District agency accounts and the funds held with fiscal agents are not covered by GUDPA.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 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, 2020.

*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, 2020.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. The District did not have any investments at June 30, 2020.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 2,540,000
Deposits:	
Approved by Board Resolution at the June 2020 Board of Education Meeting	2,000,000
Withdrawal:	
Budgeted Withdrawal	<u>(1,000,000)</u>
Ending balance, June 30, 2020	<u>\$ 3,540,000</u>

\$800,000 of this amount was appropriated in the 2020-21 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, 2020 balance of local support costs of uncompleted projects was in excess of the amount held in the capital reserve account.

### 5. Emergency Reserve Account

In the 2019-20 fiscal year, the District established a reserve to be used to accumulate funds for the current expense emergency reserve, and in accordance with *N.J.S.A. 18A:7F-41* and *N.J.A.C. 6A:23A-14.4(a)(1)*, passed a board resolution authorizing the establishment of an emergency reserve account in the District's General Fund. The emergency reserve balance is \$250,000 as of June 30, 2020.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**6. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Reallocation/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	1,512,702	\$ 2,376,775	\$ (75,798)	3,813,679
Total capital assets, not being depreciated	13,129,213	2,376,775	(75,798)	15,430,190
Capital assets, being depreciated:				
Buildings and building improvements	98,556,830	902,884		99,459,714
Land improvements	8,718,988	127,384	75,798	8,922,170
Machinery, equipment and vehicles	5,272,457	780,457		6,052,914
Total capital assets being depreciated	112,548,275	1,810,725	75,798	114,434,798
Less accumulated depreciation for:				
Buildings and building improvements	(30,219,993)	(2,617,461)		(32,837,454)
Land improvements	(5,261,840)	(340,521)		(5,602,361)
Machinery, equipment and vehicles	(3,579,751)	(483,341)		(4,063,092)
Total accumulated depreciation	(39,061,584)	(3,441,323)		(42,502,907)
Total capital assets, being depreciated, net	73,486,691	(1,630,598)	75,798	71,931,891
Governmental activities capital assets, net	\$ 86,615,904	\$ 746,177	\$ -	\$ 87,362,081

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**6. Capital Assets (continued)**

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

Instruction:	
Regular	\$ 1,529,861
Special education	447,674
Other	160,328
Support services:	
Student and instruction related services	553,001
School administration services	189,867
General and business administration services	177,140
Operation and maintenance of plant services	370,796
Special schools	<u>12,656</u>
Total depreciation expense – governmental activities	<u>\$ 3,441,323</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2020:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Building improvements	\$ 305,298	\$ 13,188	\$ 318,486
Machinery and equipment	<u>502,619</u>	<u>898</u>	<u>503,517</u>
Total capital assets, being depreciated	807,917	14,086	822,003
Less accumulated depreciation for:			
Building improvements	(14,565)	(14,714)	(29,279)
Machinery and equipment	<u>(311,433)</u>	<u>(25,238)</u>	<u>(336,671)</u>
Total accumulated depreciation	<u>(325,998)</u>	<u>(39,952)</u>	<u>(365,950)</u>
Total business-type activities capital assets, net	<u>\$ 481,919</u>	<u>\$ (25,866)</u>	<u>\$ 456,053</u>

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**7. Long-Term Liabilities**

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 39,119,000		\$ (2,044,000)	\$ 37,075,000	\$ 2,160,000
Premium on bonds	2,967,849		(267,799)	2,700,050	267,799
Compensated absences payable	517,811	\$ 41,008	(41,250)	517,569	35,275
Obligations under capital leases	4,108,656		(287,448)	3,821,208	284,490
Sub-total	46,713,316	41,008	(2,640,497)	44,113,827	2,747,564
Net pension liability	14,398,532		(1,422,296)	12,976,236	
Total governmental activities long-term liabilities	<u>\$ 61,111,848</u>	<u>\$ 41,008</u>	<u>\$ (4,062,793)</u>	<u>\$ 57,090,063</u>	<u>\$ 2,747,564</u>

The compensated absences payable, net pension liability and obligations under capital leases 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.

Bonds payable at June 30, 2020 are comprised of the following issues:

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$400,000 to \$2,695,000 through July 2030 at interest rates ranging from 4.00% to 5.00%. There is no defeased debt still outstanding at June 30, 2020.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$1,080,000 to \$1,385,000 through January 2026 at interest rates ranging from 4.00% to 5.00%. There is no defeased debt still outstanding at June 30, 2020.

\$15,864,000, Series 2017 school bonds, due in annual installments ranging from \$605,000 to \$1,200,000 through January 2037 at interest rates ranging from 2.00% to 3.25%.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**7. Long-Term Liabilities (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2021	\$ 2,160,000	\$ 1,380,175	\$ 3,540,175
2022	2,280,000	1,296,275	3,576,275
2023	2,375,000	1,205,625	3,580,625
2024	2,465,000	1,108,875	3,573,875
2025	2,555,000	1,007,375	3,562,375
2026-2030	14,740,000	3,273,925	18,013,925
2031-2035	8,100,000	973,400	9,073,400
2036-2037	2,400,000	117,000	2,517,000
	<u>\$ 37,075,000</u>	<u>\$10,362,650</u>	<u>\$ 47,437,650</u>

**Obligation Under Capital Lease**

The District has a capital lease outstanding for an Energy Savings Improvement Plan lease which has an interest rate of 2.40%. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net future minimum lease payments at June 30, 2020:

	<u>Amount</u>
Fiscal year ending June 30:	
2021	\$ 374,427
2022	327,160
2023	335,079
2024	343,178
2025	351,462
2026-2030	1,888,327
2031-2032	820,264
Total minimum lease payment	<u>4,439,899</u>
Less amount representing interest	<u>(618,691)</u>
Present value of net future minimum lease payments	<u>\$ 3,821,208</u>

Capital assets paid for with proceeds from the capital lease totaled \$5,011,352, with accumulated depreciation of \$876,987 as of June 30, 2020.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 8. Operating Leases

The District has commitments to lease copiers, mail equipment and other equipment under operating leases which expire in the 2025 fiscal year. Total operating lease payments made during the year ended June 30, 2020 were \$139,224. Future lease payments are as follows:

Year ending June 30:	
2021	\$ 121,051
2022	74,272
2023	64,116
2024	64,011
2025	20,265
Total lease payments	<u>\$ 343,715</u>

### 9. Pension Plans

#### Plan Descriptions

A substantial number of the District'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 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.

## School District of the Chathams

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

Year ended June 30, 2020

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

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 fulltime employees of the State or any county, municipality, school district 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.

#### **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 are 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 noncontributory death benefits, disability insurance and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2020, the State of New Jersey contributed \$8,796,103 to the TPAF for on-behalf medical, disability insurance 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 \$2,314,587 during the year ended June 30, 2020 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 government-wide and fund financial statements.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**9. Pension Plans (continued)**

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2020, 2019 and 2018 were \$700,510, \$727,387 and \$683,931, 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.

**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, 2020, the District reported a liability of \$12,976,236 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0720162522 percent, which was a decrease of 0.00011117178 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$667,280 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and a deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 232,906	\$ 57,323
Changes of assumptions	1,295,725	4,504,010
Net difference between projected and actual earnings on pension plan investments		204,835
Changes in proportion and differences between District contributions and proportionate share of contributions	254,728	313,940
District contributions subsequent to the measurement date	803,968	
	<u>\$ 2,587,327</u>	<u>\$ 5,080,108</u>

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**9. Pension Plans (continued)**

\$803,968 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:

<b>Year ended June 30:</b>	
2021	\$ (306,745)
2022	(1,197,818)
2023	(1,156,212)
2024	(574,734)
2025	(61,240)
	<u>\$ (3,296,749)</u>

*Actuarial Assumptions*

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 9. Pension Plans (continued)

#### *Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

#### *Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**9. Pension Plans (continued)**

*Discount rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019 and 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 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 contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 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, 2019 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	<b>At 1% Decrease (5.28%)</b>	<b>At Current Discount Rate (6.28%)</b>	<b>At 1% Increase (7.28%)</b>
District's proportionate share of the net pension liability	\$ 16,391,095	\$ 12,976,236	\$ 10,098,734

*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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 9. Pension Plans (continued)

#### *Additional Information*

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	3,149,522,616
Deferred inflows of resources	\$	7,645,087,574
Net pension liability	\$	18,143,832,135
District's Proportion		0.0720162522%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

#### Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2019 was \$176,142,260. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2870124666 percent, which was an increase of 0.0068275308 percent from its proportion measured as of June 30, 2018.

## School District of the Chathams

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

Year ended June 30, 2020

#### 9. Pension Plans (continued)

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$12,774,122 for contributions incurred by the State.

##### *Actuarial assumptions*

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

##### *Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

##### *Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**9. Pension Plans (continued)**

*Long-Term Expected Rate of Return (continued)*

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019 and 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 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 contribution rate in the most recent fiscal year. The State contributed 70% of the actuarially determined 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

**9. Pension Plans (continued)**

*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, 2019 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's proportionate share of the net pension liability associated with the District	\$ 207,710,711	\$ 176,142,260	\$ 149,950,414

*Pension plan fiduciary net position*

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

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 10,077,460,797
Deferred inflows of resources	\$ 17,525,379,167
Net pension liability	\$ 61,370,943,870
State's proportionate share associated with the District	0.2870124666%

## School District of the Chathams

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

Year ended June 30, 2020

#### 9. Pension Plans (continued)

##### Additional Information

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2019 is \$3,642,191,152. 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, 2019, 2018, 2017, 2016, 2015, and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

#### 10. Post-Retirement Benefits

##### *Plan Description and Benefits Provided*

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

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

## School District of the Chathams

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

Year ended June 30, 2020

#### 10. Post-Retirement Benefits (continued)

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees. The total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

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, 2020, 2019 and 2018 were \$2,378,483, \$2,614,089 and \$2,729,752 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

*Total OPEB Liability*

The total non-employer (State) OPEB liability from New Jersey's plan is \$41,729,081,045.

*Changes in the Total Nonemployer OPEB Liability*

Below represents the changes in the State's portion of the OPEB liability associated with the District for the year ended June 30, 2020:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2018	\$ 99,785,017
Changes for the year:	
Service cost	4,116,979
Interest cost	3,967,884
Differences between expected and actual experience	(13,434,430)
Changes in assumptions or other inputs	1,387,399
Member contributions	84,671
Gross benefit payments	(2,856,392)
Net changes	<u>(6,733,889)</u>
Ending Total OPEB Liability, June 30, 2019	<u>\$ 93,051,128</u>

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2019</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>364,943</u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2020 was \$93,051,128. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

*Actuarial assumptions and other inputs*

The total nonemployer OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55-3.05% based on years of service	2.00-6.00% based on years of service
Thereafter	1.55-3.05% based on years of service	3.00-7.00% based on years of service

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

*Mortality Rates*

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

*Discount Rate*

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

*The following represents sensitivity of the Total Nonemployer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate*

The following presents the non-employer OPEB liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	At 1% decrease (2.50%)	At current discount rate (3.50%)	At 1% increase (4.50%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 109,930,153	\$ 93,051,128	\$ 79,643,355

The following presents the non-employer OPEB liability associated with the District as of June 30, 2019 calculated as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 76,669,982	\$ 93,051,128	\$ 114,736,402

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

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

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,130,744 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB expense	\$ 1,015,664,875
District's Proportion	0.22%

*Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

**11. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2020 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 10,412	\$ 5,411
Capital Projects Fund	5,411	24,753
Debt Service Fund	24,753	
Payroll Agency Fund		10,412
	\$ 40,576	\$ 40,576

The interfund between the payroll agency fund and the general fund represents payroll withholdings that are held in the payroll agency fund and due to the general fund at June 30, 2020. The interfund payable from the capital projects fund to the debt service fund represents interest earned on bond proceeds due to the debt service fund to pay off related debt service where the cash was not moved as of June 30, 2020. The interfund payable from general fund to the capital projects fund represents expenditures paid out of the capital projects fund that were actually general fund expenditures. 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, 2020

### 12. Transfers

The following presents a reconciliation of transfers during the 2020 fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund		\$ 20,316
Debt Service Fund	\$ 20,316	
	<u>\$ 20,316</u>	<u>\$ 20,316</u>

The transfer out of the capital projects fund to the debt service fund was to transfer interest earned on bond proceeds as required by statute.

### 13. 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.

### 14. 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, 2020 may be impaired.

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.

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.

### 15. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage or destruction of assets; errors or omissions; employee health and accident claims; and natural disasters.

#### Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, health, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

### 15. Risk Management (continued)

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.

### 16. 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  
FRJ Fund Choice

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

### 17. Restricted Assets

The funds set aside for capital reserve and emergency reserve in the general fund are classified as restricted assets (cash and cash equivalents) as they are restricted for use for future capital requirements and unforeseen emergencies. The funds set aside for capital projects in the capital projects fund are classified as restricted assets (cash and cash equivalents) as they are restricted for use for the District's 2017 School Building Improvements and Renovation projects.

### 18. Commitments

The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$199,990.

## School District of the Chathams

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

Year ended June 30, 2020

#### **19. Tax Abatements**

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

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

Chatham Township and the Borough of Chatham have not entered into any long-term tax exemptions as of June 30, 2020, therefore there are no tax abatements effecting the District as of June 30, 2020.

#### **20. Liquidity, Management Plans and Intentions**

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2020. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to the District in the 2020-21 fiscal year subsequent to the District's adoption of its budget. Management has taken steps to reduce certain expenses related to operating the District and also plans to utilize existing funds to balance its budget for the 2020-21 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2020 and the anticipated revenues from state aid, taxes and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

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  
 Required Supplementary Information  
 Last Ten Fiscal Years

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	0.0698823190%	0.0702593563%	0.0698980772%	0.0731285958%	0.0738272905%	0.0731279700%	0.0720162522%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	\$ 13,355,900	\$ 13,154,473	\$ 15,690,718	\$ 21,658,593	\$ 17,183,813	\$ 14,398,332	\$ 12,976,236
District's covered payroll	\$ 4,844,140	\$ 4,949,425	\$ 4,854,652	\$ 4,865,059	\$ 4,802,330	\$ 4,838,775	\$ 4,938,645	\$ 5,019,368	\$ 5,051,812	\$ 5,143,545
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	274.53%	273.91%	322.94%	438.55%	342.39%	285.02%	252.28%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	48.72%	52.08%	47.95%	40.14%	48.10%	53.60%	56.27%

N/A - Information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

School District of the Chathams  
 Schedule of District Pension Contributions  
 Public Employee's Retirement System  
 Required Supplementary Information  
 Last Ten Fiscal Years

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 598,747	\$ 554,543	\$ 526,549	\$ 579,208	\$ 600,936	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510
Contributions in relation to the contractually required contribution	(598,747)	(554,543)	(526,549)	(579,208)	(600,936)	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,949,425	\$ 4,854,652	\$ 4,865,059	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,051,812	\$ 5,145,545	\$ 5,235,438
Contributions as a percentage of covered payroll	12.10%	11.42%	10.82%	12.06%	12.37%	12.61%	12.94%	13.54%	14.14%	13.38%

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

School District of the Chathamians  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund  
 Required Supplementary Information  
 Last Ten Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2632288497%	0.2660515944%	0.2698905323%	0.27799799553%	0.2800400222%	0.2801849358%	0.2870124666%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 153,033,790	\$ 142,195,918	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260
Total proportionate share of the net pension liability (asset) associated with the District	\$ 153,033,790	\$ 142,195,918	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.93%

\* 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.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

School District of the Chathams  
 Schedule of the State's Proportionate Share of the Net OPEB Liability  
 and Changes in the Total OPEB Liability and Related Ratios  
 Public Employees' Retirement System and Teachers' Pension and Annuity Fund  
 Required Supplementary Information  
 Last Ten Fiscal Years\*

	Year Ended June 30,			
	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District - Local Group	0.22%	0.22%	0.21%	0.21%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 93,051,128	\$ 99,785,017	\$ 114,424,478	\$ 123,473,414
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 93,051,128</u>	<u>\$ 99,785,017</u>	<u>\$ 114,424,478</u>	<u>\$ 123,473,414</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
	2020	2019	2018	2017**
<b>Total OPEB Liability</b>				
Service cost	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	3,967,884	4,216,757	3,642,583	
Differences between expected and actual experience	(13,434,430)	(9,468,097)		
Changes of assumptions	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	84,671	92,218	97,591	
Gross benefits payments	<u>(2,856,392)</u>	<u>(2,668,216)</u>	<u>(2,650,315)</u>	
Net change in OPEB liability	(6,733,889)	(14,639,461)	(9,048,937)	
Total OPEB liability - beginning	<u>99,785,017</u>	<u>114,424,476</u>	<u>123,473,414</u>	
Total OPEB liability - ending	<u>\$ 93,051,128</u>	<u>\$ 99,785,017</u>	<u>\$ 114,424,477</u>	
Covered-employee payroll	<u>\$ 37,027,432</u>	<u>\$ 35,749,432</u>	<u>\$ 35,065,841</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>251.30%</u>	<u>279.12%</u>	<u>326.31%</u>	

\* 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.

\*\* information not available

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 65,360,364		\$ 65,360,364	\$ 65,360,364	
Tuition	371,400		371,400	354,253	\$ (17,147)
Transportation Fees	160,000		160,000	99,496	(60,504)
Interest Earned on Investments	10		10	144,577	144,567
Miscellaneous	340,000		340,000	579,693	239,693
<b>Total - Local Sources</b>	<u>66,231,774</u>		<u>66,231,774</u>	<u>66,538,383</u>	<u>306,609</u>
State Sources:					
Categorical Special Education Aid	2,116,013		2,116,013	2,116,013	
Transportation Aid	723,961		723,961	723,961	
Security Aid	159,916		159,916	159,916	
Additional Non-Public Transportation Aid				22,436	22,436
Extraordinary Aid	350,000		350,000	384,195	34,195
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				6,411,322	6,411,322
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,378,483	2,378,483
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				6,298	6,298
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	2,314,587	2,314,587
<b>Total State Sources</b>	<u>3,349,890</u>		<u>3,349,890</u>	<u>14,517,211</u>	<u>11,167,321</u>
Federal Sources:					
Medical Assistance Program	18,208		18,208	-	(18,208)
<b>Total - Federal Sources</b>	<u>18,208</u>		<u>18,208</u>	<u>-</u>	<u>(18,208)</u>
<b>Total Revenues</b>	<u>69,599,872</u>		<u>69,599,872</u>	<u>81,055,594</u>	<u>11,455,722</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	527,342	\$ (138,097)	389,245	389,245	
Grades 1-5 - Salaries of Teachers	7,286,307	158,009	7,444,316	7,319,696	124,620
Grades 6-8 - Salaries of Teachers	5,214,868	(76,585)	5,138,283	5,135,566	2,717
Grades 9-12 - Salaries of Teachers	7,577,261	269,693	7,846,954	7,697,364	149,590
Regular Programs - Home Instruction					
Salaries of Teachers	51,000	(17,500)	33,500	32,040	1,460
Purchased Professional-Educational Services	30,000	43,916	73,916	62,872	11,044
Other Purchased Services	500		500	500	
General Supplies	500		500	500	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	259,492	(1,723)	257,769	248,031	9,738
Purchased Professional-Educational Services	10,750		10,750	3,666	7,084
Cleaning, Repair and Maintenance Services	38,070	(3,620)	34,450	15,632	18,818
Rentals	331,680	12,196	343,876	232,472	111,404
Other Purchased Services	32,166	(1,285)	30,881	29,162	1,719
Travel	1,600		1,600	148	1,452
General Supplies	1,569,948	(287,743)	1,282,205	1,164,475	117,730
Textbooks	77,512	(1,800)	75,712	51,569	24,143
Other Objects	43,213	(5,920)	37,293	20,874	16,419
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>23,052,209</u>	<u>(50,459)</u>	<u>23,001,750</u>	<u>22,402,812</u>	<u>598,938</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities					
Salaries of Teachers		5,664	5,664	5,664	
Other Salaries for Instruction	65,324	1,930	67,254	67,254	
General Supplies	4,500	(1,449)	3,051	3,051	
<b>Total Learning and/or Language Disabilities</b>	<u>69,824</u>	<u>6,145</u>	<u>75,969</u>	<u>75,969</u>	
Visual Impairments					
Purchased Professional-Educational Services	4,300		4,300	1,900	2,400
<b>Total Visual Impairments</b>	<u>4,300</u>		<u>4,300</u>	<u>1,900</u>	<u>2,400</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	\$ 69,149	\$ 1,566	\$ 70,715	\$ 70,715	
Other Salaries for Instruction	14,538	799	15,337	15,337	
<b>Total Behavioral Disabilities</b>	<u>83,687</u>	<u>2,365</u>	<u>86,052</u>	<u>86,052</u>	
<b>Multiple Disabilities</b>					
Salaries of Teachers	364,230	15,369	379,599	379,599	
Other Salaries for Instruction	250,759	(11,725)	239,034	234,286	\$ 4,748
General Supplies	3,493	(293)	3,200	3,200	-
<b>Total Multiple Disabilities</b>	<u>618,482</u>	<u>3,351</u>	<u>621,833</u>	<u>617,085</u>	<u>4,748</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,604,407	33,117	3,637,524	3,637,524	
Other Salaries for Instruction	914,311	47,598	961,909	938,079	23,830
General Supplies	9,268	439	9,707	9,645	62
Textbooks	1,500	(1,300)	200	200	-
<b>Total Resource Room/Resource Center</b>	<u>4,529,486</u>	<u>79,854</u>	<u>4,609,340</u>	<u>4,585,448</u>	<u>23,892</u>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	190,061	(84,700)	105,361	105,361	
Other Salaries for Instruction	96,055	29,361	125,416	124,770	646
General Supplies	2,200	(199)	2,001	2,001	-
<b>Total Preschool Disabilities - Part-Time</b>	<u>288,316</u>	<u>(55,538)</u>	<u>232,778</u>	<u>232,132</u>	<u>646</u>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	222,944	91,195	314,139	314,139	
Other Salaries for Instruction	13,065	22,706	35,771	12,520	23,251
General Supplies	1,200	(15)	1,185	1,185	-
<b>Total Preschool Disabilities - Full-Time</b>	<u>237,209</u>	<u>113,886</u>	<u>351,095</u>	<u>327,844</u>	<u>23,251</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>5,831,304</u>	<u>150,063</u>	<u>5,981,367</u>	<u>5,926,430</u>	<u>54,937</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	770,682	129,214	899,896	805,043	94,853
General Supplies	7,475	(2,952)	4,523	4,523	-
<b>Total Basic Skills/Remedial - Instruction</b>	<u>778,157</u>	<u>126,262</u>	<u>904,419</u>	<u>809,566</u>	<u>94,853</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	218,666	27,121	245,787	245,787	
<b>Total Bilingual Education - Instruction</b>	<u>218,666</u>	<u>27,121</u>	<u>245,787</u>	<u>245,787</u>	
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	379,440	106,799	486,239	486,239	
Purchased Services	1,000		1,000	745	255
Supplies and Materials	69,080	1,800	70,880	34,810	36,070
Other Objects	25,750	(822)	24,928	22,428	2,500
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<u>475,270</u>	<u>107,777</u>	<u>583,047</u>	<u>544,222</u>	<u>38,825</u>
<b>School-Spon. Athletics</b>					
Salaries	525,300	(36,394)	488,906	484,531	4,375
Purchased Services	130,330	(56,929)	73,401	69,483	3,918
Cleaning, Repair and Maintenance Services	11,500	5,131	16,631	16,631	
Insurance	77,914	(3,663)	74,251	74,251	
Supplies and Materials	60,765	9,539	70,304	59,582	10,722
Other Objects	119,994	(36,463)	83,531	77,134	6,397
<b>Total School-Spon. Athletics</b>	<u>925,803</u>	<u>(118,779)</u>	<u>807,024</u>	<u>781,612</u>	<u>25,412</u>
<b>Total Instruction</b>	<u>31,281,409</u>	<u>241,985</u>	<u>31,523,394</u>	<u>30,710,429</u>	<u>812,965</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures - Instruction</b>					
Tuition to Other LEAs Within the State - Special	\$ 54,176	\$ (16,500)	\$ 37,676		\$ 37,676
Tuition to County Voc. School Dist. - Regular	22,000	41,000	63,000	\$ 59,408	3,592
Tuition to Private Schools for the Disabled - Within State	2,292,263	(268,000)	2,024,263	1,999,029	25,234
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	240,000		240,000	157,721	82,279
<b>Total Undistributed Expenditures - Instruction</b>	<u>2,608,439</u>	<u>(243,500)</u>	<u>2,364,939</u>	<u>2,216,158</u>	<u>148,781</u>
<b>Undistributed Expend. - Attend. and Social Work</b>					
Salaries	63,042	1,095	64,137	64,137	
<b>Total Undistributed Expend. - Attend. and Social Work</b>	<u>63,042</u>	<u>1,095</u>	<u>64,137</u>	<u>64,137</u>	<u>-</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	646,435	(27,987)	618,448	570,725	47,723
Salaries of Social Services Coordinator		871	871	871	
Purchased Professional and Technical Services	24,300	1,240	25,540	23,210	2,330
Other Purchased Services	970	(45)	925	623	302
Supplies and Materials	19,178	(4,104)	15,074	13,247	1,827
<b>Total Undistributed Expenditures - Health Services</b>	<u>690,883</u>	<u>(30,025)</u>	<u>660,858</u>	<u>608,676</u>	<u>52,182</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services</b>					
Salaries	770,561	1,241	771,802	771,802	
Purchased Professional - Educational Services	89,400	6,926	96,326	96,326	
Supplies and Materials	5,825	(824.00)	5,001	4,482	519
<b>Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services</b>	<u>865,786</u>	<u>7,343</u>	<u>873,129</u>	<u>872,610</u>	<u>519</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	201,326	(34,556)	166,970	112,650	54,320
Other Salaries for Instruction	531,399	12,170	543,569	537,412	6,157
Purchased Professional - Educational Services	247,902	(18,924)	228,978	190,650	38,328
Supplies and Materials	35,700	(8,106)	27,594	26,086	1,508
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<u>1,016,527</u>	<u>(49,416)</u>	<u>967,111</u>	<u>866,798</u>	<u>100,313</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,306,882	29,787	1,336,669	1,336,669	
Salaries of Secretarial and Clerical Assistants	142,200	2,100	144,300	144,300	
Purchased Professional - Educational Services	22,600		22,600	22,080	520
Other Purchased Prof. and Tech. Services	12,600	(26)	12,574	11,824	750
Supplies and Materials	11,470	(4,000)	7,470	5,854	1,616
Other Objects	11,560	(663)	10,897	10,835	62
<b>Total Undist. Expend. - Guidance</b>	<u>1,507,312</u>	<u>27,198</u>	<u>1,534,510</u>	<u>1,531,562</u>	<u>2,948</u>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	1,615,539	27,000	1,642,539	1,642,539	
Salaries of Secretarial and Clerical Assistants	167,565	4,135	171,700	171,700	
Purchased Prof. - Educational Services	10,000	(1,050)	8,950	8,400	550
Other Purchased Prof. and Tech. Services	20,400	(13,506)	6,894	6,894	
Other Purchased Services	7,500	(7,079)	421	421	
Supplies and Materials	30,353	(756)	29,597	29,597	
Other Objects	3,140	(1,061.00)	2,079	2,079	
<b>Total Undist. Expend. - Child Study Teams</b>	<u>1,854,497</u>	<u>7,683</u>	<u>1,862,180</u>	<u>1,861,630</u>	<u>550</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	845,144	(64,609)	780,535	780,535	
Supplies and Materials	500	(5)	495	495	
Other Objects	500	(86)	414	414	
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<u>846,144</u>	<u>(64,700)</u>	<u>781,444</u>	<u>781,444</u>	

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	\$ 746,334	\$ (55,257)	\$ 691,077	\$ 682,083	\$ 8,994
Other Purchased Services	71,640	(19,064)	52,576	51,650	926
Supplies and Materials	74,328	(1,279)	73,049	69,753	3,296
Other Objects	31,345	(11,200)	20,145	19,575	570
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>923,647</b>	<b>(86,800)</b>	<b>836,847</b>	<b>823,061</b>	<b>13,786</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	648,284	9,797	658,081	658,081	-
Purchased Professional - Educational Services	21,650	4,371	26,021	26,021	-
Other Purchased Services	62,385	(36,053)	26,332	26,332	-
Supplies and Materials	13,000	(6,065)	6,935	6,705	230
Other Objects	26,375	(6,107)	20,268	20,268	-
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>771,694</b>	<b>(34,057)</b>	<b>737,637</b>	<b>737,407</b>	<b>230</b>
<b>Undist. Expend. - Supp. Serv. - General Admn.</b>					
Salaries	555,929	4,216	560,145	558,470	1,675
Legal Services	235,000	(24,219)	210,781	198,000	12,781
Audit Fees	69,490		69,490	69,490	-
Architectural/Engineering Services	5,000	22,959	27,959	27,959	-
Other Purchased Professional Services	28,540		28,540	5,161	23,379
Other Purchased Professional and Technical Services	3,500		3,500		3,500
Insurance	2,326	1,260	3,586	2,215	1,371
Communications/Telephone	70,041	(6,307)	63,734	32,172	31,562
Travel	12,120	(3,000)	9,120	3,613	5,507
Board of Education Other Purchased Services	5,000	214	5,214	3,160	2,054
Miscellaneous Purchased Services	5,000		5,000	807	4,193
General Supplies	13,895	(8,500)	5,395	2,023	3,372
Board of Education In-House Training/Meeting Supplies	12,200	(9,500)	2,700	2,700	-
Miscellaneous Expenditures	28,852		28,852	17,090	11,762
Board of Education Dues and Fees	46,000	-	46,000	44,150	1,850
<b>Total Undist. Expend. - Supp. Serv. - General Admn.</b>	<b>1,092,893</b>	<b>(22,877)</b>	<b>1,070,016</b>	<b>967,010</b>	<b>103,006</b>
<b>Undist. Expend. - Support Serv. - School Admn.</b>					
Salaries of Principals/Assistant Principals	2,017,499	37,494	2,054,993	2,012,038	42,955
Salaries of Secretarial and Clerical Assistants	770,841	14,692	785,533	783,120	2,413
Other Purchased Services	24,690	(6,237)	18,453	5,978	12,475
Travel	4,240	(905)	3,335	739	2,596
Supplies and Materials	16,106	(7,827)	8,279	5,735	2,544
Other Objects	19,593	(4,430)	15,163	12,293	2,870
<b>Total Undist. Expend. - Support Serv. - School Admn.</b>	<b>2,852,969</b>	<b>32,787</b>	<b>2,885,756</b>	<b>2,819,903</b>	<b>65,853</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	802,340	895	803,235	803,235	-
Purchased Professional Services	50,250	(11,000)	39,250	33,296	5,954
Purchased Technical Services	15,000	(2,459)	12,541	6,492	6,049
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	14,732	(10,391)	4,341	4,341	-
Travel	5,000		5,000	2,498	2,502
Miscellaneous Purchased Services	34,450	5,328	39,778	39,710	68
Supplies and Materials	27,032	(271)	26,761	13,919	12,842
Miscellaneous Expenditures	6,860	4,442	11,302	11,290	12
<b>Total Undist. Expend. - Central Services</b>	<b>955,964</b>	<b>(13,456)</b>	<b>942,508</b>	<b>914,781</b>	<b>27,727</b>
<b>Undist. Expend. - Technology Admn.</b>					
Salaries	596,619	28,954	625,573	625,573	-
Cleaning, Repair and Maintenance Services	85,060	(32,093)	52,967	50,262	2,705
Travel	5,400	(1,721)	3,679	2,004	1,675
Supplies and Materials	92,320	(3,749)	88,571	70,683	17,888
Other Objects	600	(25)	575	575	-
<b>Total Undist. Expend. - Technology Admn.</b>	<b>779,999</b>	<b>(8,634)</b>	<b>771,365</b>	<b>749,097</b>	<b>22,268</b>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Salaries	\$ 597,626	\$ 7,901	\$ 605,527	\$ 597,235	\$ 8,292
Cleaning, Repair and Maintenance Services	313,801	223,692	537,493	495,987	41,506
Travel	6,500	(6,000)	500	395	105
General Supplies	214,700	(13,859)	200,841	183,948	16,893
Other Objects	2,000	-	2,000	1,411	589
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	<u>1,134,627</u>	<u>211,734</u>	<u>1,346,361</u>	<u>1,278,976</u>	<u>67,385</u>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	1,920,262	(15,449)	1,904,813	1,898,329	6,484
Salaries of Non-Instructional Aides	48,553	(7,842)	40,711	38,671	2,040
Cleaning, Repair and Maintenance Services	289,850	82,950	372,800	329,746	43,054
Other Purchased Property Services	113,105	11,818	124,923	114,318	10,605
Insurance	309,985	(3,182)	306,803	306,708	95
General Supplies	271,775	(16,350)	255,425	242,244	13,181
Gasoline	27,270	(9,308)	17,962	14,434	3,528
Natural Gas	338,481	-	338,481	318,222	20,259
Electricity	559,377	-	559,377	356,514	202,863
Interest on Energy Savings Improvement Program Bonds	96,813	-	96,813	96,813	-
Principal on Energy Savings Improvement Program Bonds	287,449	-	287,449	287,449	-
Other Objects	5,000	-	5,000	4,542	458
<b>Total Undist. Expend. - Custodial Services</b>	<u>4,267,920</u>	<u>42,637</u>	<u>4,310,557</u>	<u>4,007,990</u>	<u>302,567</u>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	109,731	2,449	112,180	112,180	-
Cleaning, Repair and Maintenance Services	74,950	3,960	78,910	75,109	3,801
General Supplies	38,000	543	38,543	34,967	3,576
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>222,681</u>	<u>6,952</u>	<u>229,633</u>	<u>222,256</u>	<u>7,377</u>
<b>Undist. Expend. - Security</b>					
Salaries	256,759	(43,265)	213,494	209,535	3,959
Purchased Professional and Technical Services	123,000	17,000	140,000	110,824	29,176
Cleaning, Repair and Maintenance Services	82,800	(32,756)	50,044	45,364	4,680
General Supplies	136,750	(115,027)	21,723	16,383	5,340
<b>Total Undist. Expend. - Security</b>	<u>599,309</u>	<u>(174,048)</u>	<u>425,261</u>	<u>382,106</u>	<u>43,155</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Pupil Trans. (Between Home & School) - Regular	24,480	60	24,540	24,540	-
Management Fees - ESC & CTSA Transportation Programs	12,960	-	12,960	12,820	140
Other Purchased Professional and Technical Services	6,000	-	6,000	5,807	193
Contracted Services Aid In Lieu of Payment for Non-public School Students	185,075	(5,275)	179,800	121,744	58,056
Contracted Services (Between Home and School) - Vendors	792,000	(41,945)	750,055	737,299	12,756
Contracted Services (Other than Between Home and School) - Vendors	408,597	(13,332)	395,265	283,322	111,943
Contracted Services (Regular Students) - ESCs	144,944	166,409	311,353	311,353	-
Contracted Services (Special Education Students) - ESCs	1,342,116	174,971	1,517,087	1,209,439	307,648
Miscellaneous Purchased Services - Transportation	6,000.00	(6,000)	-	-	-
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>2,922,172</u>	<u>274,888</u>	<u>3,197,060</u>	<u>2,706,324</u>	<u>490,736</u>
<b>Unallocated Benefits</b>					
Social Security Contributions	810,000	13,403	823,403	823,403	-
Other Retirement Contributions - Regular	861,000	(81,497)	779,503	779,238	265
Workmen's Compensation	291,451	(3,684)	287,767	287,767	-
Health Benefits	9,774,382	(147,082)	9,627,300	8,761,225	866,075
Tuition Reimbursement	165,000	14,455	179,455	179,446	9
Other Employee Benefits	190,000	(86,665)	103,335	96,621	6,714
<b>Total Unallocated Benefits</b>	<u>12,091,833</u>	<u>(291,070)</u>	<u>11,800,763</u>	<u>10,927,700</u>	<u>873,063</u>
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				6,411,322	(6,411,322)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,378,483	(2,378,483)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				6,298	(6,298)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,314,587	(2,314,587)
<b>Total On-behalf Contributions</b>				<u>11,110,690</u>	<u>(11,110,690)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>38,068,338</u>	<u>(406,266)</u>	<u>37,662,072</u>	<u>46,450,316</u>	<u>(8,788,244)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>69,349,747</u>	<u>(164,281)</u>	<u>69,185,466</u>	<u>77,160,745</u>	<u>(7,975,279)</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures:					
Instruction	\$ 221,600	\$ 101,808	\$ 323,408	\$ 291,773	\$ 31,635
Total Equipment	<u>221,600</u>	<u>101,808</u>	<u>323,408</u>	<u>291,773</u>	<u>31,635</u>
Central Services					
Central Services Equipment		74,848	74,848	65,066	9,782
Total Central Services		<u>74,848</u>	<u>74,848</u>	<u>65,066</u>	<u>9,782</u>
Required Maintenance for School Facilities					
Non-Instructional equipment		33,851	33,851	33,851	
Total Required Maintenance for School Facilities		<u>33,851</u>	<u>33,851</u>	<u>33,851</u>	
Custodial Services					
Non-Instructional equipment		514,018	514,018	512,101	1,917
Total Custodial Services		<u>514,018</u>	<u>514,018</u>	<u>512,101</u>	<u>1,917</u>
Security					
Security Equipment	26,500	(3,743)	22,757	18,107	4,650
Total Security	<u>26,500</u>	<u>(3,743)</u>	<u>22,757</u>	<u>18,107</u>	<u>4,650</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	66,000	34,074	100,074	64,784	35,290
Construction Services	876,000	(4,521)	871,479	582,951	288,528
Other Objects - Debt Service Assessment	112,459		112,459	112,459	-
Other Objects	10	-	10	-	10
Total Facilities Acquisition and Construction Services	<u>1,054,469</u>	<u>29,553</u>	<u>1,084,022</u>	<u>760,194</u>	<u>323,828</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,302,569</u>	<u>750,335</u>	<u>2,052,904</u>	<u>1,681,092</u>	<u>371,812</u>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	18,360		18,360	15,059	3,301
General Supplies	1,200	26	1,226	16	1,210
Total Summer School - Instruction	<u>19,560</u>	<u>26</u>	<u>19,586</u>	<u>15,075</u>	<u>4,511</u>
Total Summer School	<u>19,560</u>	<u>26</u>	<u>19,586</u>	<u>15,075</u>	<u>4,511</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	173,400		173,400	171,516	1,884
General Supplies	1,500	-	1,500	1,376	124
Total Instructional Alternative Education Programs - Instruction	<u>174,900</u>	<u>-</u>	<u>174,900</u>	<u>172,892</u>	<u>2,008</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>194,460</u>	<u>26</u>	<u>194,486</u>	<u>187,967</u>	<u>6,519</u>
Contribution to Charter Schools	<u>34,295</u>	<u>(34,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>70,881,071</u>	<u>551,785</u>	<u>71,432,856</u>	<u>79,029,804</u>	<u>(7,596,948)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,281,199)</u>	<u>(551,785)</u>	<u>(1,832,984)</u>	<u>2,025,790</u>	<u>3,858,774</u>
Fund Balance, July 1	<u>5,130,524</u>	<u>-</u>	<u>5,130,524</u>	<u>5,130,524</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,849,325</u>	<u>\$ (551,785)</u>	<u>\$ 3,297,540</u>	<u>\$ 7,156,314</u>	<u>\$ 3,858,774</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Recapitulation of (Deficiency) Excess of Revenues and (Under) Over Expenditures:</b>					
Adjustment for Prior Year Encumbrances		\$ (551,785)	\$ (551,785)	\$ (551,785)	
Budgeted Fund Balance	\$ (281,199)		(281,199)	1,327,575	\$ 1,608,774
Increase in Emergency Reserve				250,000	250,000
Increase in Capital Reserve				2,000,000	2,000,000
Withdrawal from Capital Reserve	(1,000,000)	-	(1,000,000)	(1,000,000)	-
<b>Total</b>	<u>\$ (1,281,199)</u>	<u>\$ (551,785)</u>	<u>\$ (1,832,984)</u>	<u>\$ 2,025,790</u>	<u>\$ 3,858,774</u>
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 275,424	
Excess Surplus-current year				1,475,887	
Capital Reserve				3,540,000	
Emergency Reserve				250,000	
<b>Assigned to:</b>					
Year End Encumbrances				199,990	
Unassigned Fund Balance				<u>1,415,013</u>	
<b>Budgetary Fund Balance</b>				<u>\$ 7,156,314</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance				\$ 7,156,314	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(287,983)</u>	
<b>Fund balance per Governmental Funds (GAAP)</b>				<u>\$ 6,868,331</u>	

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Special Revenue Fund  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$ 175,875	\$ 10,945	\$ 186,820	\$ 176,966	\$ (9,854)
Federal Sources	744,190	172,723	916,913	812,547	(104,366)
Local Sources		430,758	430,758	198,576	(232,182)
<b>Total Revenues</b>	<u>\$ 920,065</u>	<u>\$ 614,426</u>	<u>\$ 1,534,491</u>	<u>\$ 1,188,089</u>	<u>\$ (346,402)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	\$ 33,426	\$ (5,764)	\$ 27,662	\$ 27,662	
Other Salaries		6,475	6,475	3,675	\$ 2,800
Purchased Professional and Educational Services	141,060	(25,670)	115,390	98,431	16,959
Other Purchased Services	697,834	24,595	722,429	722,429	
Travel		3,500	3,500	525	2,975
Supplies and Materials	5,608	(5,608)			
General Supplies	24,836	245,696	270,532	171,087	99,445
Textbooks	17,301	40	17,341	17,341	-
<b>Total Instruction</b>	<u>920,065</u>	<u>243,264</u>	<u>1,163,329</u>	<u>1,041,150</u>	<u>122,179</u>
<b>Support Services</b>					
Personnel Services - Employee Benefits		9,682	9,682	9,682	
Purchased Professional and Technical Services		89,345	89,345	39,651	49,694
Cleaning, Repairs and Maintenance Services		1,138	1,138		1,138
Purchased Professional and Educational Services		2,000	2,000	2,000	
Other Purchased Services		10,244	10,244	8,950	1,294
Supplies and Materials		18,000	18,000		18,000
General Supplies		27,978	27,978	5,574	22,404
<b>Total Support Services</b>		<u>158,387</u>	<u>158,387</u>	<u>65,857</u>	<u>92,530</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		86,275	86,275		86,275
Equipment		126,500	126,500	81,082	45,418
<b>Total Facilities Acquisition and Construction Services</b>	-	<u>212,775</u>	<u>212,775</u>	<u>81,082</u>	<u>131,693</u>
<b>Total Expenditures</b>	<u>920,065</u>	<u>614,426</u>	<u>1,534,491</u>	<u>1,188,089</u>	<u>346,402</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, 2020**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 81,055,594	\$ 1,188,089
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		(15,045)
Prior Year, net		84,169
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	256,885	
State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	<u>(287,983)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	<u>\$ 81,024,496</u>	<u>\$ 1,257,213</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 79,029,804	\$ 1,188,089
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>69,124</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 79,029,804</u>	<u>\$ 1,257,213</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, 2020**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES:</b>				
State Sources	\$ 176,966	\$ 176,966		
Federal Sources	812,547		\$ 812,547	
Local Sources	<u>198,576</u>	<u>-</u>	<u>-</u>	\$ 198,576
<b>Total Revenues</b>	<u>\$ 1,188,089</u>	<u>\$ 176,966</u>	<u>\$ 812,547</u>	<u>\$ 198,576</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	\$ 27,662		\$ 27,662	
Purchased Professional and Educational Services	102,106	\$ 98,431		\$ 3,675
Other Purchased Services	722,429		722,429	
Travel	525			525
General Supplies	171,087	61,194	13,123	96,770
Textbooks	17,341	17,341		
	<u>1,041,150</u>	<u>176,966</u>	<u>763,214</u>	<u>100,970</u>
<b>Total Instruction</b>				
<b>Support Services:</b>				
Personnel Services - Employee Benefits	9,682		9,682	
Purchased Professional and Technical Services	39,651		39,651	
Purchased Professional and Educational Services	2,000			2,000
Other Purchased Services	8,950			8,950
General Supplies	<u>5,574</u>		<u>-</u>	<u>5,574</u>
<b>Total Support Services</b>	<u>65,857</u>		<u>49,333</u>	<u>16,524</u>
<b>Facilities Acquisition and Const. Serv.:</b>				
Construction Services	<u>81,082</u>			<u>81,082</u>
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>81,082</u>			<u>81,082</u>
<b>Total Expenditures</b>	<u>\$ 1,188,089</u>	<u>\$ 176,966</u>	<u>\$ 812,547</u>	<u>\$ 198,576</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, 2020**

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxillary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Technology Initiative</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Security Aid</u>
<b>REVENUES:</b>							
State Sources	\$ 176,966	\$ 17,341	\$ 7,301	\$ 59,217	\$ 11,844	\$ 31,913	\$ 49,350
<b>Total State Revenues</b>	<u>\$ 176,966</u>	<u>\$ 17,341</u>	<u>\$ 7,301</u>	<u>\$ 59,217</u>	<u>\$ 11,844</u>	<u>\$ 31,913</u>	<u>\$ 49,350</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Purchased Professional and Educational Services	\$ 98,431		\$ 7,301	\$ 59,217		\$ 31,913	
General Supplies	61,194				\$ 11,844		\$ 49,350
Textbooks	17,341	\$ 17,341					
<b>Total Instruction</b>	<u>176,966</u>	<u>17,341</u>	<u>7,301</u>	<u>59,217</u>	<u>11,844</u>	<u>31,913</u>	<u>49,350</u>
<b>Total Expenditures</b>	<u>176,966</u>	<u>17,341</u>	<u>7,301</u>	<u>59,217</u>	<u>11,844</u>	<u>31,913</u>	<u>\$ 49,350</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<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, 2020**

	E.S.E.A.			I.D.E.A.	
	Total	Title II-A	Title III Immigrant	Basic	Preschool
<b>REVENUES:</b>					
Federal Sources	\$ 812,547	\$ 39,100	\$ 17	\$ 760,324	\$ 13,106
<b>Total Federal Revenues</b>	<u>\$ 812,547</u>	<u>\$ 39,100</u>	<u>\$ 17</u>	<u>\$ 760,324</u>	<u>\$ 13,106</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$ 27,662	\$ 27,662			
Other Purchased Services	722,429			\$ 722,429	
General Supplies	13,123		\$ 17		\$ 13,106
<b>Total Instruction</b>	<u>763,214</u>	<u>27,662</u>	<u>17</u>	<u>722,429</u>	<u>13,106</u>
<b>Support Services:</b>					
Employee Benefits	9,682	9,682			
Purchased Professional and Technical Services	39,651	1,756		37,895	
<b>Total Support Services</b>	<u>49,333</u>	<u>11,438</u>		<u>37,895</u>	
<b>Total Expenditures</b>	<u>\$ 812,547</u>	<u>\$ 39,100</u>	<u>\$ 17</u>	<u>\$ 760,324</u>	<u>\$ 13,106</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, 2020

<b>REVENUES</b>	
Interest earned	\$ 20,316
Total Revenues	<u>20,316</u>
<b>EXPENDITURES</b>	
Architectural / Engineering Services	38,811
Construction Services	<u>2,434,272</u>
Total Expenditures	<u>2,473,083</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,452,767)</u>
<b>OTHER FINANCING (USES)</b>	
Transfer out	<u>(20,316)</u>
Total Other Financing (Uses)	<u>(20,316)</u>
(Deficiency) of Revenues Under Expenditures and Other Financing (Uses)	(2,473,083)
Fund Balance - July 1	<u>2,473,083</u>
Fund Balance - June 30	<u>\$ -</u>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**School Building Improvements and Renovations**  
**From Inception and for the Year Ended June 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond proceeds and transfers	\$ 15,864,000		\$ 15,864,000	\$ 15,864,000
Premium on bonds	157,806		157,806	157,806
Total Revenues	<u>16,021,806</u>		<u>16,021,806</u>	<u>15,864,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services	221,666		221,666	221,666
Architectural / Engineering Services	829,971	\$ 38,811	868,782	868,782
Construction Services	12,497,086	2,434,272	14,931,358	14,931,358
Total Expenditures and Other Financing Uses	<u>13,548,723</u>	<u>2,473,083</u>	<u>16,021,806</u>	<u>16,021,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,473,083</u>	<u>\$ (2,473,083)</u>	<u>\$ -</u>	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		1/12/2017		
Bonds Authorized	\$ 15,864,000			
Bonds Issued	15,864,000			
Authorized Cost	\$ 16,021,806			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completed		100%		
Original Target Completion Date		Summer 2018		
Revised Target Completion Date		Spring 2020		

BOARD OF EDUCATION  
 SCHOOL DISTRICT OF THE CHATHAMS  
 Capital Projects Fund

Summary Schedule of Project Expenditures  
 Year Ended June 30, 2020

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2020
			Prior Years	Current Year	
School Building Improvements and Renovations	1/12/2017	\$ 16,021,806	\$ 13,548,723	\$ 2,473,083	\$ -
	Totals	\$ 16,021,806	\$ 13,548,723	\$ 2,473,083	\$ -
Bond proceeds - 2017 Referendum		\$ 15,864,000			
Premium on bonds		157,806			
Total		\$ 16,021,806			

FIDUCIARY FUNDS

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Trust and Agency Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2020**

	<u>Trust</u>			<u>Agency</u>		
	<u>Unemployment Compensation</u>	<u>Private - Purpose Scholarship Fund</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 379,584	\$ 43,983	\$ 423,567	\$ 503,437	\$ 164,799	\$ 668,236
Total assets	<u>379,584</u>	<u>43,983</u>	<u>423,567</u>	<u>\$ 503,437</u>	<u>\$ 164,799</u>	<u>\$ 668,236</u>
<b>Liabilities</b>						
Unemployment claims payable	47,625		47,625			
Payroll deductions and withholdings payable					\$ 156,594	\$ 156,594
Interfund payable				\$ 2,207	8,205	10,412
Due to student groups				501,230		501,230
Total liabilities	<u>47,625</u>	<u>-</u>	<u>47,625</u>	<u>\$ 503,437</u>	<u>\$ 164,799</u>	<u>\$ 668,236</u>
<b>Net Position</b>						
Held in trust	331,959	43,983	375,942			
Total net position	<u>\$ 331,959</u>	<u>\$ 43,983</u>	<u>\$ 375,942</u>			

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Student Activity Agency Fund  
Schedule of Cash Receipts and Cash Disbursements  
Year Ended June 30, 2020

<u>Schools</u>	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Elementary Schools:				
Southern Boulevard	\$ 117			\$ 117
Milton Avenue	1,310	\$ 7		1,317
Lafayette Avenue	41,608	2,190	\$ 638	43,160
Washington Avenue	466	3		469
Middle School:				
Activity	49,688	50,641	28,324	72,005
High School:				
Activity	343,478	297,024	263,037	377,465
Athletic	<u>2,377</u>	<u>64,503</u>	<u>57,976</u>	<u>8,904</u>
	<u>\$ 439,044</u>	<u>\$ 414,368</u>	<u>\$ 349,975</u>	<u>\$ 503,437</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Payroll Agency Fund  
Schedule of Cash Receipts and Cash Disbursements  
Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 137,990	\$ 49,948,589	\$ 49,921,780	\$ 164,799
Total Assets	<u>\$ 137,990</u>	<u>\$ 49,948,589</u>	<u>\$ 49,921,780</u>	<u>\$ 164,799</u>
<b>LIABILITIES:</b>				
Interfund Payable	\$ 4,020	\$ 8,205	\$ 4,020	\$ 8,205
Salaries and Wages Payable		26,110,778	26,110,778	
Payroll Deductions and Withholdings Payable	<u>133,970</u>	<u>23,829,606</u>	<u>23,806,982</u>	<u>156,594</u>
Total Liabilities	<u>\$ 137,990</u>	<u>\$ 49,948,589</u>	<u>\$ 49,921,780</u>	<u>\$ 164,799</u>

LONG-TERM DEBT

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Long - Term Debt  
Schedule of Serial Bonds Payable  
Year Ended June 30, 2020**

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2020		Interest Rate	Balance July 1, 2019	Retired Current Year	Balance June 30, 2020
			Date	Amount				
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000	7/15/2020	\$ 400,000	4.000%	\$ 15,475,000	\$ 390,000	\$ 15,085,000
			7/15/2021	415,000	4.000%			
			7/15/2022	440,000	5.000%			
			7/15/2023	460,000	5.000%			
			7/15/2024	490,000	5.000%			
			7/15/2025	515,000	5.000%			
			7/15/2026	2,260,000	4.000%			
			7/15/2027	2,360,000	4.000%			
			7/15/2028	2,470,000	4.000%			
			7/15/2029	2,580,000	4.000%			
			7/15/2030	2,695,000	4.000%			
Refunding Bonds - Series 2014B	11/7/2014	12,270,000	1/15/2021	1,080,000	5.000%	8,380,000	1,025,000	7,355,000
			1/15/2022	1,135,000	5.000%			
			1/15/2023	1,185,000	5.000%			
			1/15/2024	1,255,000	5.000%			
			1/15/2025	1,315,000	5.000%			
			1/15/2026	1,385,000	4.000%			
School Bonds - Series 2017	1/12/2017	15,864,000	1/15/2021	680,000	2.000%	15,264,000	629,000	14,635,000
			1/15/2022	730,000	2.000%			
			1/15/2023	750,000	2.000%			
			1/15/2024	750,000	2.000%			
			1/15/2025	750,000	2.250%			
			1/15/2026	750,000	3.000%			
			1/15/2027	605,000	3.000%			
			1/15/2028	605,000	3.000%			
			1/15/2029	605,000	3.000%			
			1/15/2030	605,000	3.000%			
			1/15/2031	610,000	3.000%			
			1/15/2032	1,195,000	3.000%			
			1/15/2033	1,200,000	3.000%			
			1/15/2034	1,200,000	3.000%			
			1/15/2035	1,200,000	3.125%			
			1/15/2036	1,200,000	3.250%			
			1/15/2037	1,200,000	3.250%			
						<u>\$ 39,119,000</u>	<u>\$ 2,044,000</u>	<u>\$ 37,075,000</u>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Long - Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**Year Ended June 30, 2020**

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	<u>\$ 4,108,656</u>	<u>\$ 287,448</u>	<u>\$ 3,821,208</u>
			<u>\$ 4,108,656</u>	<u>\$ 287,448</u>	<u>\$ 3,821,208</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
Debt Service Fund  
Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,156,995		\$ 3,156,995	\$ 3,156,995	
State Sources:					
Debt Service Aid Type II	<u>215,364</u>		<u>215,364</u>	<u>215,364</u>	
<b>Total Revenues</b>	<u>3,372,359</u>		<u>3,372,359</u>	<u>3,372,359</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Redemption of Principal	2,044,000		2,044,000	2,044,000	
Interest on Bonds	<u>1,457,855</u>		<u>1,457,855</u>	<u>1,457,855</u>	
<b>Total Regular Debt Service</b>	<u>3,501,855</u>		<u>3,501,855</u>	<u>3,501,855</u>	
<b>Total Expenditures</b>	<u>3,501,855</u>		<u>3,501,855</u>	<u>3,501,855</u>	
(Deficiency) of Revenues (Under) Expenditures	<u>(129,496)</u>		<u>(129,496)</u>	<u>(129,496)</u>	
<b>Other Financing Sources:</b>					
Transfers in	<u>-</u>		<u>-</u>	<u>20,316</u>	\$ 20,316
<b>Total other financing sources</b>	<u>-</u>		<u>-</u>	<u>20,316</u>	<u>20,316</u>
Deficiency (Excess) of revenues and other financing sources (under) over expenditures	(129,496)		(129,496)	(109,180)	20,316
Fund Balance, July 1	<u>178,486</u>	<u>-</u>	<u>178,486</u>	<u>178,486</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 48,990</u>	<u>\$ -</u>	<u>\$ 48,990</u>	<u>\$ 69,306</u>	<u>\$ 20,316</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

	As of June 30.									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(as restated)									
<b>Governmental activities</b>										
Net investment in capital assets	\$ 31,969,490	\$ 34,480,331	\$ 35,050,828	\$ 35,805,781	\$ 39,282,140	\$ 40,173,129	\$ 40,273,278	\$ 41,337,096	\$ 44,359,450	\$ 45,077,251
Restricted	4,705,913	4,364,029	6,750,596	3,633,817	3,267,556	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311
Unrestricted (deficit)	411,914	736,430	590,645	3,388,955	(12,503,280)	(13,032,813)	(14,518,357)	(14,155,678)	(15,380,439)	(16,068,657)
Total governmental activities net position	\$ 37,087,317	\$ 39,600,790	\$ 42,392,069	\$ 42,828,533	\$ 30,046,416	\$ 30,778,449	\$ 29,941,622	\$ 30,277,450	\$ 31,875,634	\$ 34,549,905
<b>Business-type activities</b>										
Investment in capital assets	\$ 174,608	\$ 187,573	\$ 200,539	\$ 213,504	\$ 206,588	\$ 283,085	\$ 265,901	\$ 249,847	\$ 481,919	\$ 456,053
Unrestricted	35,346	81,725	94,843	131,301	206,978	144,516	246,940	363,078	237,468	140,833
Total business-type activities net position	\$ 209,954	\$ 269,298	\$ 295,382	\$ 344,805	\$ 413,566	\$ 427,601	\$ 510,841	\$ 612,925	\$ 719,387	\$ 596,906
<b>Government-wide</b>										
Net investment in capital assets	\$ 32,144,098	\$ 34,667,904	\$ 35,251,367	\$ 36,019,285	\$ 39,488,728	\$ 40,456,214	\$ 40,537,179	\$ 41,586,943	\$ 44,841,369	\$ 45,533,304
Restricted	4,705,913	4,364,029	6,750,596	3,633,817	3,267,556	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311
Unrestricted (deficit)	447,260	838,155	685,488	3,520,236	(12,296,302)	(12,888,297)	(14,271,417)	(13,792,600)	(15,342,971)	(15,927,804)
Total government-wide net position	\$ 37,297,771	\$ 39,870,088	\$ 42,687,451	\$ 43,173,358	\$ 30,459,982	\$ 31,206,050	\$ 30,452,463	\$ 30,890,355	\$ 32,595,021	\$ 35,146,811

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities										
Instruction										
Support services:										
Student and instruction related services	7,254,394	8,324,801	8,869,645	9,598,789	11,180,768	11,589,155	13,252,401	14,664,694	13,804,784	13,303,090
School administration services	3,444,414	3,730,147	3,772,311	3,862,549	4,404,002	4,587,008	5,142,705	5,645,887	4,836,348	4,709,445
General and Business administration services	2,503,189	2,588,390	2,866,899	2,921,009	3,476,916	3,586,420	3,985,040	4,294,050	3,823,038	4,016,449
Operation and Maintenance of Plant Services	6,506,910	5,969,017	6,139,125	6,434,186	6,548,910	6,966,367	7,559,671	7,854,496	7,920,949	7,614,503
Student transportation services	2,434,908	2,417,836	2,238,383	2,462,453	2,572,801	2,705,793	2,886,516	2,958,287	3,124,966	2,721,247
Special Schools	117,587	150,240	172,554	240,248	250,999	290,374	318,195	306,429	279,176	314,075
Charter Schools		11,223	9,821	20,005			32,757			
Interest and other costs on long term debt	1,701,122	1,635,309	1,570,852	1,764,143	1,031,453	1,186,504	1,527,928	1,474,153	1,403,918	1,403,918
Total governmental activities	58,914,760	61,224,382	64,489,368	67,544,785	76,665,613	80,671,407	89,651,806	95,864,446	89,175,936	87,794,289
Business-type activities:										
Food service	950,380	982,242	956,075	1,060,277	1,078,795	1,207,014	1,171,771	1,234,757	1,241,311	1,027,281
Cougar Cubs	68,299									
Total business-type activities expense	982,242	982,242	956,075	1,060,277	1,078,795	1,207,014	1,171,771	1,234,757	1,241,311	1,027,281
Total government-wide expenses	\$ 59,913,439	\$ 62,206,624	\$ 65,445,443	\$ 68,605,062	\$ 77,744,408	\$ 81,878,421	\$ 90,823,577	\$ 97,099,203	\$ 90,417,247	\$ 88,821,570
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	60,500	43,900	174,243	238,138	251,032	179,845	165,429	109,908	112,560	354,253
Pupil transportation	102,737	98,468	117,344	128,015	134,560	132,526	157,648	172,298	171,743	99,496
Operating grants and contributions	1,596,703	1,276,311	1,451,083	1,230,651	1,412,608	1,368,133	1,260,716	1,444,997	1,246,808	1,101,874
Capital grants and contributions	63,241	276,089	2,997	76,981	68,753	248,586	265,746	168,898	119,720	155,339
Total governmental activities program revenues	1,823,181	1,694,768	1,745,567	1,673,785	1,866,953	1,929,090	1,849,539	1,896,101	1,650,831	1,710,962
Business-type activities:										
Charges for services	895,670	948,046	891,004	1,018,241	1,063,569	1,127,625	1,166,780	1,248,527	1,266,481	852,827
Food service	39,018									
Cougar Cubs	70,277	93,540	91,155	91,459	83,987	93,426	88,231	88,314	81,292	51,973
Operating grants and contributions	1,004,965	1,041,586	982,159	1,109,700	1,147,556	1,221,049	1,255,011	1,336,841	1,347,773	904,800
Total business-type activities program revenues	2,828,146	2,736,554	2,727,826	2,783,485	3,014,139	3,150,139	3,104,550	3,252,942	2,998,604	2,615,762
Total government-wide program revenues	\$ (57,091,579)	\$ (59,529,614)	\$ (62,743,701)	\$ (65,871,000)	\$ (74,798,660)	\$ (78,742,317)	\$ (87,802,267)	\$ (95,968,345)	\$ (87,525,105)	\$ (86,083,327)
Net (Expense)/Revenue	6,286	59,344	26,084	49,423	68,761	14,035	83,240	102,084	106,462	(122,481)
Governmental activities										
Business-type activities										
Total government-wide net (expense)/revenue	\$ (57,085,293)	\$ (59,470,270)	\$ (62,717,617)	\$ (65,821,577)	\$ (74,729,899)	\$ (78,728,282)	\$ (87,719,027)	\$ (95,866,261)	\$ (87,418,643)	\$ (86,205,808)

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

(accrual basis of accounting)  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes	\$ 51,559,756	\$ 52,791,296	\$ 54,005,100	\$ 55,874,234	\$ 57,742,606	\$ 58,767,459	\$ 60,147,138	\$ 61,921,960	\$ 64,078,788	\$ 65,360,364
Taxes levied for debt service	2,729,615	2,733,596	2,729,133	2,737,760	2,655,242	2,607,563	2,261,810	2,700,999	3,210,325	3,156,995
Unrestricted grants and contributions	4,782,789	6,091,571	7,687,106	7,322,537	14,535,917	17,551,011	23,730,833	29,062,101	21,013,971	19,495,653
Investment earnings	14,064	9,600	8,148	6,137	4,086	4,689	44,551	147,304	170,781	164,893
Miscellaneous income	296,104	417,024	1,105,493	366,796	434,592	543,828	781,108	471,789	649,444	579,693
Total governmental activities	\$ 59,382,328	\$ 62,043,087	\$ 65,534,980	\$ 66,307,464	\$ 73,372,443	\$ 79,474,350	\$ 86,965,440	\$ 94,304,153	\$ 89,123,309	\$ 88,757,598
Total district-wide	\$ 59,382,328	\$ 62,043,087	\$ 65,534,980	\$ 66,307,464	\$ 73,372,443	\$ 79,474,350	\$ 86,965,440	\$ 94,304,153	\$ 89,123,309	\$ 88,757,598
<b>Change in Net Position</b>										
Governmental activities	\$ (147,286)	\$ (700,614)	\$ (336,020)	\$ (8,491,196)	\$ (3,369,874)	\$ (8,327,917)	\$ (7,002,905)	\$ 535,808	\$ 1,598,204	\$ 2,674,271
Business-type activities	59,344	26,084	49,423	68,761	14,035	83,240	102,084	102,084	106,462	(122,481)
Total district	\$ (87,942)	\$ (674,530)	\$ (286,597)	\$ (8,422,435)	\$ (3,355,839)	\$ (8,244,677)	\$ (6,900,821)	\$ 437,892	\$ 1,704,666	\$ 2,551,790

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.

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

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

(modified accrual basis of accounting)  
Unaudited

	As of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 3,507,973	\$ 3,736,163	\$ 6,597,992	\$ 3,490,011	\$ 3,015,626	\$ 3,638,133	\$ 4,152,480	\$ 3,096,012	\$ 3,096,623	\$ 5,541,311
Assigned	533,174	884,234	465,868	3,281,687	594,228	559,139	814,350	1,804,779	551,785	199,990
Unassigned	1,345,112	1,050,698	985,978	1,120,590	1,238,291	1,109,931	1,130,079	1,245,562	1,225,231	1,127,030
Total general fund	\$ 5,386,259	\$ 5,671,095	\$ 8,049,838	\$ 7,892,288	\$ 4,848,145	\$ 5,307,203	\$ 6,096,909	\$ 6,146,353	\$ 4,873,639	\$ 6,868,331
All Other Governmental Funds										
Restricted	1,197,940	\$ 627,866	\$ 230,250	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306
Total all other governmental funds	\$ 1,197,940	\$ 627,866	\$ 230,250	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306

Source: CAFR Schedule B-1 and District records.

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

(modified accrual basis of accounting)  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Local sources:										
Local tax levy	\$ 54,289,371	\$ 55,524,892	\$ 56,724,233	\$ 58,611,994	\$ 60,997,848	\$ 61,374,822	\$ 62,408,948	\$ 64,622,959	\$ 67,289,113	\$ 68,517,259
Transportation fees	102,757	98,468	117,344	128,015	134,560	132,526	157,648	172,298	171,743	99,496
Tuition charges	66,500	43,900	174,243	238,138	179,843	165,429	165,429	169,908	112,560	354,253
Interest earned	14,064	9,600	8,148	6,137	4,889	4,689	44,551	147,304	170,781	164,895
Miscellaneous	503,988	624,027	1,419,598	577,470	759,473	1,137,416	1,000,368	949,903	847,393	887,393
Total local sources	54,970,669	56,300,887	58,453,568	59,561,754	61,546,999	62,505,443	63,913,992	66,052,837	68,694,100	69,893,394
State sources	5,004,679	6,400,866	7,833,455	7,529,811	8,572,918	9,768,918	10,524,009	12,002,024	14,026,995	14,878,443
Federal sources	1,250,170	1,056,102	972,228	889,684	927,131	955,119	978,150	918,151	901,459	812,547
Total revenues	61,205,509	63,757,855	67,259,249	67,981,249	71,047,048	73,229,480	75,416,151	78,973,012	83,622,554	85,674,384
<b>Expenditures</b>										
Current:										
Instruction	25,044,512	25,000,591	26,805,975	27,779,550	29,217,240	29,900,500	29,542,038	30,053,391	31,138,093	31,754,014
Support services	2,338,936	2,386,967	1,922,832	2,393,465	2,437,142	2,614,988	2,207,411	2,599,310	1,859,110	2,216,158
Tuition	65,223	58,183	58,754	59,499	62,704	63,922	63,418	61,346	60,957	64,137
Attendance/social work	563,778	586,778	626,641	645,896	646,778	581,817	610,623	644,130	656,780	608,676
Health services	3,525,735	3,892,517	4,002,657	4,121,873	4,391,402	4,450,431	4,586,694	4,922,020	5,084,958	5,180,889
Other support services	622,675	647,573	689,774	684,765	681,907	710,701	788,984	736,096	832,220	781,444
Improvement of instruction	825,710	992,541	933,129	952,857	870,424	872,094	887,674	888,716	892,731	825,061
Education media library	105,611	130,269	189,761	130,223	590,801	653,067	620,128	645,905	734,088	737,407
Other support instructional staff	921,756	839,785	875,500	940,291	1,097,073	1,014,515	1,012,292	946,483	857,984	967,010
General administration services	2,624,611	2,676,125	2,683,329	2,675,092	2,775,092	2,796,121	2,808,740	2,908,717	2,791,770	2,819,905
School administration services	675,431	682,780	753,992	764,217	765,841	820,190	838,155	906,759	919,954	914,781
Central services	415,660	445,972	533,803	515,039	554,949	570,112	569,597	640,308	625,179	749,097
Administrative information technology services	1,490,447	986,919	977,535	1,083,754	1,003,783	1,294,195	1,468,246	1,055,271	942,738	894,714
Required maintenance of plant services	3,942,246	201,217	3,709,926	3,711,271	3,448,907	3,349,202	4,143,277	3,416,857	4,054,086	4,007,990
Operation and maintenance of plant services	177,534	201,217	222,293	181,119	181,119	196,180	222,214	255,715	223,095	222,256
Care and upkeep of grounds	84,636	79,963	59,091	318,526	260,096	280,096	319,620	357,376	409,161	382,106
Security	2,331,566	2,309,451	2,228,574	2,452,291	2,556,692	2,689,656	2,866,750	2,933,629	3,109,660	2,706,324
Student transportation	10,661,496	11,851,211	13,407,010	13,529,741	15,222,766	15,907,046	17,180,349	19,323,273	21,903,781	22,038,390
Unallocated benefits and On-behalf TPAF Contributions	89,747	107,902	122,757	172,110	157,266	176,007	175,744	157,722	161,065	187,967
Special schools	1,246,377	3,328,298	1,467,664	1,627,283	4,412,782	5,921,538	2,891,526	12,666,076	6,093,698	4,309,514
Capital outlay	1,462,608	1,497,837	1,367,152	1,270,000	1,515,000	1,490,000	1,725,391	1,911,463	2,224,490	2,331,449
Debt Service:	1,630,490	1,600,417	1,532,590	1,467,760	1,039,879	1,193,751	1,346,458	1,654,154	1,614,291	1,554,668
Principal interest					202,200		221,666			
Cost of issuance	60,744,783	64,023,093	65,299,320	68,071,209	74,084,904	77,506,929	76,094,939	89,654,697	87,215,646	86,261,955
Total expenditures	460,726	(285,238)	1,959,729	(89,960)	(5,037,856)	(4,277,449)	(678,844)	(10,691,685)	(3,593,092)	(587,571)
Excess (Deficiency) of revenues over (under) expenditures										
Other Financing sources (uses)										
Refunding bonds issued					28,545,000		15,864,000			
Bonds issued					(32,454,091)					
Payment to bond escrow agent						5,390,000				
Capital lease issuance										
Equity contribution										
Premium on bonds issued										
Additional proceeds										
Transfers in	818,250		474,525	80,738	528,757	528,757	41,951	129,495	68,990	20,316
Transfers out	(818,250)		(474,525)	(80,738)	(528,757)	(528,757)	(41,951)	(129,495)	(68,990)	(20,316)
Insurance Recovery Related to Other Costs of Super Storm Sandy			21,398							
Total other financing sources (uses)	472,899		21,398		202,200	5,390,000	16,021,806			
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	933,325	(285,238)	1,981,127	(89,960)	(2,835,656)	1,112,551	15,342,962	(10,691,685)	(3,593,092)	(587,571)
Fund balance July 1	5,650,974	6,584,199	6,298,961	8,280,088	8,190,128	5,354,472	6,467,023	21,809,985	11,118,300	7,525,208
Fund balance June 30	6,584,199	6,298,961	8,280,088	8,190,128	5,354,472	6,467,023	21,809,985	11,118,300	7,525,208	6,937,637
Debt service as a percentage of noncapital expenditures	5.20%	5.10%	4.54%	4.12%	3.67%	3.75%	4.20%	4.63%	4.73%	4.74%

Source: District records  
Note: Noncapital expenditures are total expenditures less capital outlay and debt service.

School District of the Chatham  
 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	Energy Savings Rebates	Legal Settlement	Transportation Fees	Annual Totals
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			134,560	745,631
2015	251,032	4,086	70,583	108,139	255,870			134,560	824,270
2016	179,845	4,689	10,720	136,983	396,125			132,526	860,888
2017	165,429	5,583	11,000	162,348	326,526	\$ 281,234		157,648	1,109,768
2018	109,908	17,809	11,360	58,805	401,624			172,298	771,804
2019	112,560	101,791	69,065	192,000	388,379			171,743	1,035,538
2020	354,253	144,577	54,910	112,264	412,519			99,496	1,178,019

Source: District records

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

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Ctarm	Commercial	Industrial	Apartment	Public Utilities *	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
<b>Borough of Chatham</b>													
2011	\$ 12,657,800	\$ 1,772,631,200	None	\$ 200,000	\$ 212,066,200	\$ 21,593,300	\$ 39,373,700	\$ 1,403,757	\$ 2,059,932,057	\$ 145,267,600	\$ 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	2,066,620,502	145,916,900	1,911,001,602	2,595,087,439	1,145
2013	9,896,600	1,779,591,700	None	200	204,939,400	21,593,300	39,173,700	1,356,273	2,056,543,173	142,091,700	1,914,461,473	2,293,457,313	1,180
2014	8,658,600	1,782,763,600	None	200	204,564,400	21,593,300	39,173,700	1,145,779	2,057,699,579	141,637,300	1,916,262,279	2,273,787,357	1,200
2015	9,345,000	1,786,006,100	None	200	204,564,400	21,593,300	39,173,700	1,173,177	2,061,695,877	141,960,200	1,919,995,677	2,321,206,993	1,210
2016	9,445,600	1,797,232,200	None	200	205,235,400	21,861,200	39,173,700	1,140,367	2,074,098,607	143,250,900	1,930,837,707	2,407,716,713	1,218
2017	8,929,200	1,806,176,600	None	200	204,706,600	21,583,800	38,946,200	1,115,479	2,081,460,079	143,286,300	1,938,173,779	2,465,015,414	1,286
2018	8,345,800	1,814,236,100	None	200	202,032,100	21,482,700	38,946,200	1,089,920	2,084,133,020	143,339,600	1,940,793,420	2,688,839,369	1,308
2019	8,348,000	1,824,612,300	None	1,600	202,634,000	21,482,700	38,946,200	1,023,537	2,097,048,337	142,036,400	1,955,011,937	2,518,925,343	1,334
2020	10,055,000	1,839,640,500	None	1,600	201,392,000	21,482,700	38,952,400	1,066,317	2,112,590,517	139,098,000	1,973,492,517	2,713,695,104	-
<b>Township of Chatham</b>													
2011	\$ 31,381,800	\$ 2,748,928,300	\$ 14,487,600	247,000	\$ 120,282,100	\$ 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	13,969,900	230,300	120,282,100	13,725,100	51,000,000	1,599,125	2,983,041,525	177,150,400	2,805,891,125	3,213,107,447	1,071
2013	24,266,400	2,792,025,700	9,923,300	163,700	120,196,900	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	-	3,044,082,600	-	-	-	-
2015	22,256,100	2,865,962,000	10,070,500	171,200	120,375,700	1,285,800	51,315,000	-	3,070,628,900	-	-	-	-
2016	21,646,700	2,896,911,700	10,659,500	175,700	120,444,400	1,285,800	51,390,000	1,314,985	3,104,438,185	192,738,700	2,911,699,485	3,435,967,433	1,174
2017	26,831,600	2,933,199,800	10,677,800	172,500	120,530,400	1,285,800	51,680,000	1,290,785	3,145,668,685	192,948,600	2,952,719,085	3,513,441,057	1,196
2018	15,057,200	2,991,085,700	10,827,000	175,700	120,530,400	1,285,800	51,680,000	1,512,738	3,192,199,538	192,948,600	2,999,249,938	3,614,260,471	1,221
2019	23,061,200	3,017,327,800	10,978,300	175,700	120,867,600	1,285,800	51,710,000	1,674,372	3,227,080,772	194,927,000	3,032,153,772	3,739,771,056	1,237
2020	14,495,300	3,059,006,700	11,040,500	175,700	122,377,100	1,285,800	51,710,000	1,699,531	3,261,779,631	196,002,500	3,065,777,131	3,657,244,409	-

Source: Table of Aggregates  
Note:

Real property is required to be assessed at some percentage of true value (air or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to enter 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>						
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	1.16	0.05	1.21	0.41	0.28	1.90
2016	1.17	0.04	1.22	0.42	0.30	1.93
2017	1.20	0.05	1.26	0.42	0.31	1.99
2018	1.24	0.06	1.31	0.42	0.31	2.04
2019	1.27	0.06	1.33	0.43	0.34	2.10
2020	*	*	*	*	*	*
<b>Township of Chatham</b>						
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	*	*	*	*	*	*
2016	1.13	0.04	1.17	0.30	0.28	1.76
2017	1.15	0.05	1.20	0.30	0.29	1.79
2018	1.16	0.06	1.22	0.32	0.29	1.83
2019	1.18	0.06	1.24	0.32	0.30	1.85
2020	*	*	*	*	*	*

**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

	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<b>Chatham Borough</b>				
KRE 500 Manila Associates/Fieldstone	\$ 11,794,800	0.56%	\$ 14,025,700	0.68%
26 Main Street Chatham LLC	10,600,000	0.51%	12,500,000	0.61%
MHP Chatham Portfolio LLC	10,004,500	0.48%	11,794,800	0.57%
One Main Street Associates	9,091,700	0.43%	10,004,500	0.49%
Chatham Project, LLC	7,310,000	0.35%	7,310,000	0.35%
Levin Properties, LP	7,194,500	0.34%	6,884,600	0.33%
Foresome Group	6,613,600	0.32%	6,610,600	0.32%
Town Square Partners	5,742,700	0.27%	5,734,000	0.28%
Weill, Maurice M Trustee	4,127,500	0.20%	4,530,500	0.22%
Jackson House Apartments, LLC	3,800,000	0.18%	4,000,000	0.19%
<b>Total</b>	<b>\$ 76,279,300</b>	<b>3.64%</b>	<b>\$ 83,394,700</b>	<b>4.04%</b>
<b>Township of Chatham</b>				
Home Poperties Chatham Hill, LLC	\$ 41,710,000	1.28%	\$ 41,000,000	1.37%
Hickory Square Associates LP	22,360,000	0.69%	22,360,000	0.75%
Fairmount Country Club	22,026,400	0.68%	18,012,500	0.60%
Texas Eastern Transmission Corp.	14,936,500	0.46%	15,127,200	0.51%
Transcontinental Gas Pipeline Corp.	10,198,800	0.31%	11,881,800	0.40%
Chatham Hills, Inc.	10,000,000	0.31%	10,198,800	0.34%
Juniper Assisted Living Residence	9,666,000	0.30%	10,000,000	0.34%
Chatham Hills Realty LLC	7,602,000	0.23%	9,666,000	0.32%
Chatham Mali Assoc LLC	7,116,200	0.22%	9,585,600	0.32%
Fuller, Thomas & Susan	5,215,800	0.16%	7,466,000	0.25%
<b>Total</b>	<b>\$ 150,831,700</b>	<b>4.62%</b>	<b>\$ 155,297,900</b>	<b>5.21%</b>
<b>Chatham Borough</b>				
Normandy Chatham, LLC				
One Main Street Associates				
S/K Chatham Associates				
J. Apgar				
Chatham Project, LLC				
Levin Properties, LP				
Foursome Associates				
Town Square Partners				
Hickory Tree Properties				
Jackson house Apartments				
<b>Total</b>				
<b>Township of Chatham</b>				
Home Properties Chatham Hill, LLC				
Hickory Square Associates LP				
Fairmount Country Club				
Texas Eastern Transmission Corp.				
Giralda Farms				
Transcontinental Gas Pipeline Corp				
Chatham Hills, Inc.				
Juniper Assisted Living Residence				
Rosepond, LLC				
Hanks and Condon, LLC				
<b>Total</b>				

Source: District CAFR & Municipal Tax Assessor.

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	
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%	-
2016	61,374,822	61,374,822	100.00%	-
2017	62,408,948	62,408,948	100.00%	-
2018	64,622,959	64,622,959	100.00%	-
2019	67,289,113	67,289,113	100.00%	-
2020	68,517,359	68,517,359	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	
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
2015	39,628,224	39,285,009	99.13%	343,215
2016	40,239,670	39,883,859	99.12%	355,811
2017	41,457,796	41,221,730	99.43%	*
2018	42,816,719	42,496,360	99.25%	*
2019	*	*	*	*
2020	*	*	*	*

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	
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%	638,831
2014	53,408,511	52,764,058	98.79%	1,221,669
2015	54,209,387	53,225,477	98.18%	983,910
2016	53,408,511	52,764,058	98.79%	644,453
2017	56,665,494	55,832,448	98.53%	*
2018	59,025,448	58,565,473	99.22%	*
2019	60,193,989	59,768,032	99.29%	*
2020	*	*	*	*

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.

\* - Information not available

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

Unaudited

Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita Income <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2011	\$ 36,700,000	\$ 489,989	\$ 37,189,989	0.21%	\$ 77,207
2012	35,535,000	157,152	35,692,152	0.22%	80,027
2013	34,325,000	-	34,325,000	0.24%	80,868
2014	33,055,000	-	33,055,000	0.25%	83,687
2015	29,325,000	-	29,325,000	0.30%	87,896
2016	27,835,000	5,390,000	33,225,000	0.27%	89,065
2017	42,414,000	4,949,609	47,363,609	0.19%	89,065
2018	41,089,000	4,363,146	45,452,146	0.20%	89,065
2019	39,119,000	4,108,656	43,227,656	0.23%	98,842
2020	37,075,000	3,821,208	40,896,208	**	**

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

a 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

Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Energy Lease	Deductions			
2010	\$ 37,810,000			\$ 37,810,000	1.97%	\$ 74,460
2011	36,700,000			36,700,000	1.92%	77,207
2012	35,535,000			35,535,000	1.86%	80,027
2013	34,325,000		\$ 77,646	34,247,354	1.79%	80,868
2014	33,055,000		154,034	32,900,966	1.72%	83,687
2015	29,325,000		257,397	29,067,603	1.51%	87,896
2016	27,835,000	\$ 5,390,000	254,225	32,970,775	1.71%	89,065
2017	42,414,000	4,949,609	115,184	47,248,425	2.44%	94,259
2018	41,089,000	4,363,146	168,464	45,283,682	2.33%	98,842
2019	39,119,000	4,108,656	178,486	43,049,170	2.20%	**
2020	37,075,000	3,821,208	69,306	40,826,902	2.07%	**

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, 2020

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 of the Chathams</b>			<u>\$ 40,826,902</u>
<b>Total direct and overlapping debt</b>			<u>\$ 40,826,902</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 2020

2020	Chatham Borough	Chatham Township*	Equalized Valuation Basis Total
	\$ 2,688,838,389	\$ 3,657,244,409	\$ 6,346,082,798
2019	2,518,525,343	3,579,717,036	6,098,242,379
2018	2,688,838,389	3,614,280,471	6,303,118,860
	<u>7,896,202,121</u>	<u>10,851,241,916</u>	<u>18,747,444,037</u>
	Average equalized valuation of taxable property		\$ 5,249,148,012
	Debt limit (4% of average equalization value)		\$ 249,965,920 <sup>a</sup>
	Total Net Debt Applicable to Limit		40,826,902
	Legal debt margin		<u>\$ 209,139,018</u>

Year ended June 30.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 225,178,266	\$ 220,894,986	\$ 225,178,266	\$ 226,094,287	\$ 226,126,861	\$ 228,700,926	\$ 233,870,400	\$ 236,442,812	\$ 241,533,977	\$ 249,965,920
Total net debt applicable to limit	36,700,000	35,535,000	34,325,000	33,055,000	29,067,603	32,970,775	47,248,425	45,283,682	37,769,000	40,826,902
Legal debt margin	\$ 188,478,266	\$ 185,359,986	\$ 190,853,266	\$ 193,039,287	\$ 197,059,258	\$ 195,730,151	\$ 186,621,975	\$ 191,159,130	\$ 203,764,977	\$ 209,139,018
Total net debt applicable to the limit as a percentage of debt limit	16.30%	16.09%	15.24%	14.62%	12.85%	14.42%	20.20%	19.15%	15.64%	16.33%

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

<sup>a</sup> A limit set by N.J.S.A. 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				
2011	9,027	\$ 696,947,589	\$ 77,207	5.10%
2012	9,038	723,284,026	80,027	5.30%
2013	9,052	732,017,136	80,868	2.90%
2014	9,039	756,446,793	83,687	3.70%
2015	9,008	791,767,168	87,896	3.30%
2016	8,985	800,249,025	89,065	3.30%
2017	8,928	841,544,352	94,259	2.80%
2018	8,765	866,350,130	98,842	2.50%
2019	8,635	**	**	2.00%
2020	*	**	**	**
Township of Chatham				
2011	10,476	\$ 808,820,532	\$ 77,207	3.00%
2012	10,514	841,403,878	80,027	2.90%
2013	10,567	854,532,156	80,868	3.00%
2014	10,557	883,483,659	83,687	5.20%
2015	10,527	925,281,192	87,896	4.00%
2016	10,475	932,955,875	89,065	3.40%
2017	10,435	983,592,665	94,259	3.10%
2018	10,284	1,016,491,128	98,842	2.80%
2019	10,117	**	**	2.30%
2020	*	**	**	**

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 2019.

<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

Employer	2020		2011	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
TOWNSHIP OF CHATHAM	*	*	*	*
BOROUGH OF CHATHAM	*	*	*	*

\* This information not available for the District.

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

Function/Program	Unaudited									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Instruction</b>										
Regular	271.50	280.00	286.00	292.90	292.90	299.90	302.40	315.50	322.41	333.00
Special Education	84.20	89.30	95.30	120.30	127.80	133.90	135.40	141.20	144.29	149.03
<b>Support Services</b>										
Student & instruction related services	30.80	34.10	36.60	30.40	30.40	30.40	31.40	32.80	33.52	34.62
General administrative services	10.40	9.40	10.40	5.00	5.00	5.00	6.00	6.10	6.23	6.43
School administrative services	28.50	28.50	28.50	35.70	35.70	35.70	35.70	37.20	38.01	39.26
Business administrative services	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.40	8.58	8.86
Plant operation & maintenance	42.90	42.90	42.90	44.00	45.00	45.00	45.00	47.20	48.23	49.80
Pupil transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>476.30</b>	<b>493.20</b>	<b>508.70</b>	<b>637.30</b>	<b>645.80</b>	<b>658.90</b>	<b>664.90</b>	<b>689.40</b>	<b>702.27</b>	<b>722.00</b>

Source: District Personnel Records  
and 2020 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
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%
2016	4,152	68,901,640	16,595	1.98%	368.89	11.6:1	10.8:1	11.1:1	4,145	3,989	0.66%	96.47%
2017	4,203	69,909,954	16,633	0.23%	374.00	10.9:1	11.6:1	11.5:1	4,213	4,056	1.64%	96.27%
2018	4,172	73,433,004	17,601	5.82%	360.67	10.3:1	11.7:1	11.7:1	4,164	3,985	-1.15%	95.70%
2019	4,116	77,283,167	18,776	12.88%	361.10	12.0:1	11.4:1	11.4:1	4,112	3,953	-1.26%	96.13%
2020	4,121	78,086,324	18,944	7.63%	355.00	12.4:1	11.0:1	10.9:1	4,041	3,936	-1.73%	97.41%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Building</b>										
<b>Elementary</b>										
Milton Avenue School (1948)	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,184	42,184
Square Feet	336	336	336	336	336	336	336	336	477	477
Capacity (students)	373	371	389	370	364	356	356	291	274	282
Enrollment										
Southern Boulevard School (1928)	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890
Square Feet	615	615	615	615	615	615	615	615	615	615
Capacity (students)	493	491	463	452	456	464	464	499	468	434
Enrollment										
Washington Avenue School (1952)	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Square Feet	497	497	497	497	497	497	497	497	497	497
Capacity (students)	455	448	444	457	433	428	397	377	349	328
Enrollment										
Lafayette Avenue School (1954)	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690
Square Feet	582	582	582	582	582	582	582	582	582	582
Capacity (students)	598	635	695	709	680	652	691	696	679	659
Enrollment										
<b>Middle School</b>										
Chatham Middle School (1957)	191,720	191,720	191,720	191,720	191,720	191,720	191,720	178,170	178,170	178,170
Square Feet	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431
Capacity (students)	958	962	961	941	991	1,054	1,086	1,037	1,036	995
Enrollment										
<b>High School</b>										
Chatham High School (1962)	220,065	237,730	237,730	237,730	237,730	237,730	243,790	237,730	243,790	243,790
Square Feet	1,457	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574
Capacity (students)	1,056	1,146	1,157	1,201	1,188	1,198	1,239	1,272	1,310	1,341
Enrollment										

Number of Schools at June 30, 2020

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
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
2016	457,729	359,965	136,491	116,606	144,377	78,958	1,294,156
2017	389,178	306,054	116,039	67,127	122,744	99,134	1,100,276
2018	366,184	287,972	109,184	93,277	115,492	63,161	1,035,270
2019	469,073	342,813	139,861	119,485	147,942	81,165	1,300,339
2020	461,365	337,181	137,564	117,522	145,512	79,832	1,278,976
<b>Grand Total School Facilities</b>	<b>\$ 6,336,712</b>	<b>\$ 4,435,388</b>	<b>\$ 1,991,921</b>	<b>\$ 1,341,268</b>	<b>\$ 1,847,671</b>	<b>\$ 1,340,066</b>	<b>\$ 17,293,026</b>

\* 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, 2020

Unaudited

	Coverage	Deductible
<b>School Commercial Package Policy - Utica</b>		
Property - Blanket, building and contents	\$ 191,139,304	\$ 2,500
Property - Equipment Breakdown	191,139,304	2,500
Business Income	Actual    Loss	
Commercial General Liability	3,000,000 (aggregate)	
Commercial General Liability - Products/Completed Ops)	3,000,000 (aggregate)	
Commercial General Liability Personal & Advertising	1,000,000	
Commercial General Liability - Each Occurrence	1,000,000	
Commercial General Liability - Damage to Premises	1,000,000	
Commercial General Liability - Medical Payments	10,000	
Electronic Data Processing	2,500,000	1,000
Educators Legal Liability	1,000,000	7,500
	3,000,000 (aggregate)	
Employment Related Practices	1,000,000 (aggregate)	
	1,000,000 (each claim)	5,000
Abuse or Molestation Liability	1,000,000 (each loss)	
Abuse or Molestation Liability	3,000,000 (aggregate)	
Employee Benefits Liability	1,000,000 (each loss)	1,000
Employee Benefits Liability	3,000,000 (aggregate)	
<b>Leased Property Utica</b>	100,000	1,000
<b>Cyber Liability - Utica</b>	1,000,000	10,000
<b>Commercial Automotive Liability - Utica</b>	1,000,000	1,000
<b>Workers Compensation - NJSIG</b>	3,000,000	
<b>Pollution - Commerce &amp; Industry Ins. Beazley</b>	1,000,000	10,000
<b>Umbrella Excess Liability - Utica</b>	10,000,000	10,000
<b>Crime - Utica</b>		
Employee Theft	400,000	500
Forgery / Fraud	100,000	500
Inside the Premises - Theft of Money & Securities	25,000	500
Outside the Premises - Theft of Money & Securities	25,000	500
Computer Fraud	10,000	500

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2021.

**Internal Control Over Financial Reporting**

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

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

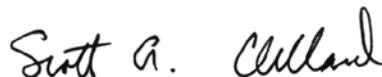
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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

January 25, 2021  
Florham Park, New Jersey



Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance 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, 2020. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New 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, 2020.

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

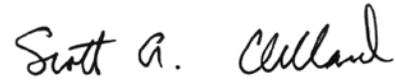
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 the Uniform Guidance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

## **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

January 25, 2021  
Florham Park, New Jersey

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2020 (Unearned Revenue)	Due to State
<b>Enterprise Fund:</b>															
U.S. Department of Agriculture Passed -															
Through State Department of Agriculture:															
Child Nutrition Program Cluster:															
	10.555	201N194N1099	N/A	\$ 19,888	7/1/2019	6/30/2020			\$ 19,888	\$ 15,737				\$ 4,151	
	10.555	191N194N1099	N/A	38,942	7/1/2018	6/30/2019	\$ 1,648			1,648					
	10.555	201N194N1099	N/A	51,562	7/1/2019	6/30/2020			26,356	27,345			\$ (989)		
	10.555	191N194N1099	N/A	39,013	7/1/2018	6/30/2019	(2,608)		2,608					(20)	
	10.555	201N194N1099	N/A	4,217	7/1/2019	6/30/2020			4,197	4,217					
	10.555	191N194N1099	N/A	5,963	7/1/2018	6/30/2019	(415)		415						
							(1,375)		53,464	48,947			(1,009)	4,151	
Through State Department of Agriculture and Child Nutrition Program Cluster															
<b>Special Revenue Fund:</b>															
U.S. Department of Education Passed -															
Through State Department of Education:															
	84.367A	S367A190029	N/A	38,100	7/1/2019	9/30/2020			26,652	38,100			(12,448)		
	84.367A	S367A180029	N/A	41,782	7/1/2018	6/30/2019	(12,474)		12,474						
	84.365A	S365A190030	N/A	9,152	7/1/2019	9/30/2020	(3,351)		3,368	17					
	84.027A	H027A190100	N/A	828,018	7/1/2019	9/30/2020			724,238	760,324			(36,086)		
	84.027A	H027A180100	N/A	847,778	7/1/2018	6/30/2019	(84,879)		84,879						
	84.173	H173A190114	N/A	49,404	7/1/2019	9/30/2020			13,106	13,106					
							(84,879)		822,223	773,430			(36,086)		
							(100,704)		864,717	812,547			(48,534)		
							(102,079)		\$ 918,181	\$ 881,494			\$ (49,543)	\$ 4,151	
<b>Subtotal of Special Education Cluster</b>															
<b>Total Special Revenue Fund</b>															
<b>Total expenditures of Federal Awards</b>															
<b>NC - Non-cash expenditures</b>															



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

Year ended June 30, 2020

**1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2020. 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 awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

**2. Summary of Significant Accounting Policies**

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's 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

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

Year ended June 30, 2020

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

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. 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 \$31,098 for the general fund and \$69,124 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, debt service fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund		\$ 14,486,113	\$ 14,486,113
Special Revenue Fund	\$ 812,547	176,966	989,513
Debt Service Fund		215,364	215,364
Food Service Enterprise Fund	48,947	3,026	51,973
Total financial award revenues	\$ 861,494	\$ 14,881,469	\$ 15,742,963

**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.

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

Year ended June 30, 2020

**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, 2020. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2020 amounted to \$8,796,103. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however, they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

**6. Indirect Costs**

The District elected not to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

School District of the Chathams  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

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

**Financial Statements**

Type of report the auditors issued on whether the financial statements were prepared in accordance with GAAP:	<u>Unmodified</u>		
Internal control over financial reporting:			
Are any material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No
Are any significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	None Reported
Is any noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/>	No

**Federal Awards**

Internal control over major federal programs:			
Are any material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No
Are any significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	None Reported
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/>	No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	H027A190100 / H173A190114	IDEA Part B, Basic and Preschool (Special Education Cluster)

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>		
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/>	Yes _____	No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

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

**State Financial Assistance**

Internal control over major state programs:

Are any material weakness(es) identified? \_\_\_\_\_ Yes   ✓   No

Are any significant deficiency(ies) identified? \_\_\_\_\_ Yes   ✓   None Reported

Type of auditors' report on compliance for major state programs: \_\_\_\_\_   Unmodified  

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? \_\_\_\_\_ Yes   ✓   No

Identification of major state programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5094-003	Reimbursed TPAF Social Security Tax

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

Auditee qualified as low-risk auditee?   ✓   Yes \_\_\_\_\_ No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

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

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

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

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section .516(a) or New Jersey State OMB Circular 15-08.

School District of the Chathams  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2020

No prior year findings were noted.