

School District of the Chathams

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

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2021*

School District of the Chathams

Chatham, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Prepared by

Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants, Independent Auditor and Advisors	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Required Supplementary Information – Part I	
Management's Discussion and Analysis	12
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Fund:	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27
Notes to the Basic Financial Statements	28

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Required Supplementary Information – Part II	
Schedules and Note Related to Accounting and Reporting for Pensions (GASB 68)	
L-1	Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS) 67
L-2	Schedule of District Pension Contributions – Public Employee’s Retirement Systems (PERS) 68
L-3	Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF) 69
Schedule and Note Related to Accounting and Reporting for OPEB (GASB 75)	
M-1	Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios (PERS and TPAF) 70
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1	Budgetary Comparison Schedule – General Fund-Budgetary Basis 71
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Not Applicable N/A
C-1b	Community Development Block Grant Program – Budget and Actual – Budgetary Basis – Not Applicable N/A
C-2	Budgetary Comparison Schedule-Special Revenue Fund – Budgetary Basis 78
C-3	Note to Required Supplementary Information - Budget to GAAP Reconciliation 79

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
D School Based Budget Schedules – Not applicable	N/A
Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	80
E-2 Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not applicable	N/A
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis	83
Enterprise Funds:	
G-1 Statement of Net Position – Not applicable	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position – Not applicable	N/A
G-3 Statement of Cash Flows – Not applicable	N/A
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	84
I-2 Schedule of Obligations Under Capital Leases – Not Applicable	85
I-3 Budgetary Comparison Schedule – Debt Service Fund	86

Table of Contents (continued)

	<u>Page</u>
STATISTICAL SECTION (Unaudited) – Other Information	
Financial Trends:	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88
J-3 Fund Balances, Governmental Funds	90
J-4 Changes in Fund Balances – Governmental Funds	91
J-5 General Fund - Other Local Revenue by Source	92
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	93
J-7 Property Tax Rates – Direct and Overlapping Governments	94
J-8 Principal Property Taxpayers	95
J-9 Property Tax Levies and Collections	96
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	97
J-11 Ratios of Net General Bonded Debt Outstanding	98
J-12 Direct and Overlapping Governmental Activities Debt	99
J-13 Legal Debt Margin Information	100
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	101
J-15 Principal Employers	102
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	103
J-17 Operating Statistics	104
J-18 School Building Information	105
J-19 Schedule of Required Maintenance for School Facilities	106
J-20 Insurance Schedule	107

Table of Contents (continued)

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	108
K-2	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	110
K-3	Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	113
K-4	Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	114
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	115
K-6	Schedule of Findings and Questioned Costs	118
K-7	Summary Schedule of Prior Year Audit Findings	122

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

February 24, 2022

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 Annual Comprehensive Financial Report ("ACFR") of the School District of the Chathams (the "District") as of and for the year ended June 30, 2021, 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 ACFR 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 2020/2021 fiscal year with an average daily enrollment of 3,891 students, which is a decrease of 150 students from the previous year's average daily enrollment. The changes in average daily enrollment over the past five years are as follows:

Average Daily Enrollment

<u>Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020/2021	3,891	(3.6)%
2019/2020	4,041	(1.7)%
2018/2019	4,112	(1.3)%
2017/2018	4,164	(1.2)%
2016/2017	4,213	1.6%

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, 2021.

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, 2021, 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,

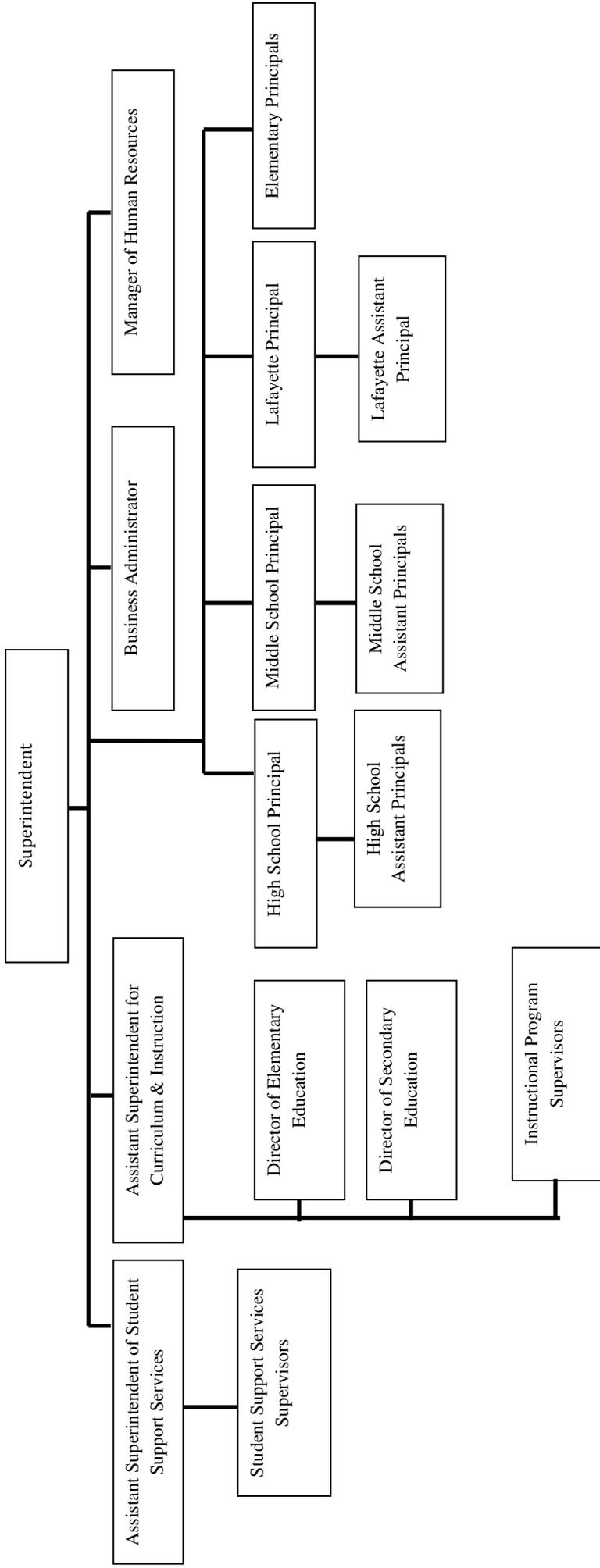


Dr. Michael LaSusa
Superintendent



Peter Daquila
Business Administrator/Board Secretary

SCHOOL DISTRICT
OF THE CHATHAMS
ADMINISTRATION



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

Roster of Officials

June 30, 2021

Members of the Board of Education

Expires

Jill Critchley Weber, President	2023
Matthew Gilfillan, Vice President	2022
Sal Arnuk	2022
Ann Ciccarelli	2021
Michelle Clark	2021
Chris Delsandro (replaced Michael Valenti – term expires 2022)	2022
Lata Kenney	2021
Michael Ryan	2023
Bradley Smith	2023

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, 2021

Architects

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Independent Auditor

Wiss & Company, LLP
100 Campus Drive
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

Financial Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08620

Official Depository

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 and each major fund 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, 2021, 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 and each major fund of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle. As discussed in Note 20 to the financial statements, as of July 1, 2020, the District's government-wide financial statements net position and the fund balances of the general fund and special revenue fund were retroactively adjusted to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District 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 February 24, 2022 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

February 24, 2022
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, 2021

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, 2021. 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 20-21 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 two categories: governmental funds and proprietary 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 22-24 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 25-27 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 28-66 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 67-86 of this report.

Financial Highlights

Key financial highlights for the 2020-2021 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2021.
- The District made a deposit to its capital reserve in the amount of \$3,000,000.
- The final approved extraordinary aid awarded to the District for 2020/2021 exceeded the amount budgeted for by the District by \$231,491.
- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2021 and June 30, 2020 was \$11,984,647 and \$12,976,236, respectively. This resulted in the unrestricted net position being reduced during the year resulting in an unrestricted deficit at the government-wide financial statements of \$14,016,027 and \$15,927,804 at June 30, 2021 and 2020, respectively.
- The District followed the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In the current year, this resulted in the District recording of revenue and expense in the amount of \$8,736,946 relating to post-employment health benefits paid for by the State on behalf of the District.

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 \$39,511,842 at the close of fiscal 2021. The following table provides a summary of net position at June 30, 2021 and 2020 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 13,149,058	\$ 8,299,615	\$ 10,409	\$ 289,571	\$ 13,159,467	\$ 8,589,186
Capital Assets, net	84,467,133	87,362,081	416,155	456,053	84,883,288	87,818,134
Total Assets	<u>97,616,191</u>	<u>95,661,696</u>	<u>426,564</u>	<u>745,624</u>	<u>98,042,755</u>	<u>96,407,320</u>
Deferred outflows of resources	<u>3,397,043</u>	<u>3,898,752</u>			<u>3,397,043</u>	<u>3,898,752</u>
Current and other liabilities	5,987,140	5,587,936	112,295	148,718	6,099,435	5,736,654
Net pension liability	11,984,647	12,976,236			11,984,647	12,976,236
Long-term liabilities	38,554,573	41,366,263	-	-	38,554,573	41,366,263
Total Liabilities	<u>56,526,360</u>	<u>59,930,435</u>	<u>112,295</u>	<u>148,718</u>	<u>56,638,655</u>	<u>60,079,153</u>
Deferred inflow of resources	<u>5,289,301</u>	<u>5,080,108</u>			<u>5,289,301</u>	<u>5,080,108</u>
Net Position:						
Net investment in capital assets	44,740,052	45,077,251	416,155	456,053	45,156,207	45,533,304
Restricted	8,371,662	5,541,311			8,371,662	5,541,311
Unrestricted (deficit)	<u>(13,914,141)</u>	<u>(16,068,657)</u>	<u>(101,886)</u>	<u>140,853</u>	<u>(14,016,027)</u>	<u>(15,927,804)</u>
Total Net Position	<u>\$ 39,197,573</u>	<u>\$ 34,549,905</u>	<u>\$ 314,269</u>	<u>\$ 596,906</u>	<u>\$ 39,511,842</u>	<u>\$ 35,146,811</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 \$4,365,031 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 increased mainly due to results of operations and the implementation of GASB 84, which required student activities, scholarship, and unemployment compensation balances to be included in the governmental funds.

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

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, 2021 and 2020 are as follows:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 512,687	\$ 453,749	\$ 86,047	\$ 852,827	\$ 598,734	\$ 1,306,576
Operating Grants and Contributions	1,518,434	1,101,874	19,840	51,973	1,538,274	1,153,847
Capital Grants and Contributions	101,250	155,339			101,250	155,339
General Revenue:						
Property Taxes	69,925,537	68,517,359			69,925,537	68,517,359
Federal and State Aid	27,096,942	19,495,653			27,096,942	19,495,653
Earnings on Investments	61,618	164,893			61,618	164,893
Miscellaneous	406,475	579,693			406,475	579,693
Total Revenue	<u>99,622,943</u>	<u>90,468,560</u>	<u>105,887</u>	<u>904,800</u>	<u>99,728,830</u>	<u>91,373,360</u>
Expenses:						
Instruction	58,723,189	53,711,562			58,723,189	53,711,562
Support Services	15,048,943	13,303,090			15,048,943	13,303,090
Administration and Business	9,370,922	8,725,894			9,370,922	8,725,894
Maintenance and Operations	8,249,568	7,614,503			8,249,568	7,614,503
Transportation	2,723,742	2,721,247			2,723,742	2,721,247
Special Schools	391,966	314,075			391,966	314,075
Charter Schools	28,424				28,424	-
Interest on long-term liabilities	1,315,694	1,403,918			1,315,694	1,403,918
Business Type Activities			388,524	1,027,281	388,524	1,027,281
Total Expenses	<u>95,852,448</u>	<u>87,794,289</u>	<u>388,524</u>	<u>1,027,281</u>	<u>96,240,972</u>	<u>88,821,570</u>
Change in Net Position	3,770,495	2,674,271	(282,637)	(122,481)	3,487,858	2,551,790
Net position - beginning (retroactively adjusted)	35,427,078	31,875,634	596,906	719,387	36,023,984	32,595,021
Net position - ending	<u>\$ 39,197,573</u>	<u>\$ 34,549,905</u>	<u>\$ 314,269</u>	<u>\$ 596,906</u>	<u>\$ 39,511,842</u>	<u>\$ 35,146,811</u>

Revenue Sources. The District’s total revenue for the 2020/21 school year was \$99,728,830. Property taxes and state formula aid accounted for most of the District’s revenue, with local taxes accounting for \$69,925,537 of the total, or 70.12 percent. Another 27.17 percent came from federal and state aid not restricted for specific programs, 1.54 percent from operating and capital grants and contributions, 0.60 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 2019/20 to 2020/21 can be attributed to a decrease in actuarial determined pension liability offset by an increase in the post-retirement benefits liability.

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 \$2,719,099, while the total fund balance was \$10,875,851. The net change in total fund balance for the General Fund was an increase of \$3,675,560, 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 increased from the prior fiscal year. Among the reasons for the \$608,204 increase in revenue are the implementation of GASB 84, which requires student activity and scholarship activity to be recorded in the special revenue fund. There were also increases in federal grant revenue due to the District receiving COVID-19 related grants.

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 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 \$22,066, 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, \$20,316 has been designated for use in the 2021-22 budget and \$1,750 will be designated for use in the 2022-23 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, 2021, and the increases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2020</u>	<u>Percent of Increase</u>
Local Sources	\$ 71,137,975	78.60%	\$ 1,174,897	1.68%
State Sources	18,142,527	20.05%	3,264,084	21.94%
Federal Sources	1,220,675	1.35%	408,128	50.23%
	<u>\$ 90,501,177</u>	<u>100.00%</u>	<u>\$ 4,847,109</u>	5.66%

The increase in local sources is mainly attributable to an increase in the tax levy of \$1,408,178 which was offset by decreases in transportation revenue.

The increase of \$3,264,084 or 21.94% of State sources in FY 2021 is mainly the result of a \$2,584,728 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District, a \$143,144 increase in categorical special education aid, and a \$197,296 increase in extraordinary aid. The district also received a \$234,432 grant for school security.

The increase of \$408,128 or 50.23% of Federal sources in FY 2021 is the result of an increase in IDEA revenue of \$181,205 in the current year as a result of IDEA programs being resumed after the FY 2020 reduction due to COVID-19, combined with Federal funding in the amount of \$330,150 for COVID-19 related grants.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2021 and the increases and decreases in relation to the prior year.

	Amount	Percent of Total	Increase (Decrease) from 2020	Percent of Increase (Decrease)
Current Expenditures				
Instruction	\$ 32,776,888	37.74%	\$ 1,022,874	3.22%
Undistributed	49,179,632	56.63%	3,055,289	6.62%
Special Schools	246,352	0.28%	58,385	31.06%
Capital Outlay	730,364	0.84%	(1,106,067)	(51.20%)
Debt Service				
Principal	2,444,490	2.81%	113,041	4.85%
Interest	1,470,112	1.69%	(84,556)	(3.69%)
	<u>\$ 86,847,838</u>	<u>100.00%</u>	<u>\$ 3,058,966</u>	<u>(1.25%)</u>

The increase in undistributed expenditures is attributable mostly to an increase in on-behalf contributions of approximately \$2,584,728 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 2021 fiscal year by \$282,637. This decrease is primarily the result of reduced service for a majority of the school year 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 \$384,893 or 32.5% mainly as a result of increased cleaning services and supplies needed due to the COVID-19 Pandemic.
- The modified budget for pupil transportation decreased by \$194,154 or 5.6% due to a reduced need for transportation services mainly due to suspension of after school athletic events and field trips.
- The modified budget for unallocated benefits decreased by \$774,615 or 6.6% due to the district budgeting conservatively. Actual expenses were less than amounts originally budgeted.

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 \$764,272 or 16.4% as a result of lower utility costs, related mainly to half-day scheduling as a result of the COVID-19 pandemic.
- The actual amounts expended for student transportation services were less than the final budget by \$522,659 as a result of the suspension of athletic events and field trips due to the COVID-19 pandemic. The need for transportation of special educations was also less than budgeted amounts due to conservative budgeting.

Capital Assets

As of June 30, 2021 and 2020, the District had capital assets, net of accumulated depreciation, of \$84,883,288 and \$87,818,134, respectively, including land, construction in progress, building and building improvements, land improvements and machinery and equipment noted as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>
Land	\$ 11,616,511	\$ 11,616,511			\$ 11,616,511	\$ 11,616,511
Construction in Progress	6,500	3,813,679			6,500	3,813,679
Buildings and Building Improvements	67,800,317	66,622,260	\$ 274,393	\$ 289,207	68,074,710	66,911,467
Land Improvements	3,116,218	3,319,809			3,116,218	3,319,809
Machinery and Equipment	1,927,587	1,989,822	141,762	166,846	2,069,349	2,156,668
Total Capital Assets						
Net of Depreciation	<u>\$ 84,467,133</u>	<u>\$ 87,362,081</u>	<u>\$ 416,155</u>	<u>\$ 456,053</u>	<u>\$ 84,883,288</u>	<u>\$ 87,818,134</u>

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, 2021 and 2020 are as follows for the governmental activities:

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 34,915,000	\$ 37,075,000
Premium on Bonds	2,432,251	2,700,050
Capital Leases	3,536,718	3,821,208
Compensated Absences	496,518	517,569
Sub-total	<u>41,380,487</u>	<u>44,113,827</u>
Net Pension Liability	11,984,647	12,976,236
	<u>\$ 53,365,134</u>	<u>\$ 57,090,063</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 2021-22 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 2021-22 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 2022-23 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 2021-22 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, 2021**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,720,475	\$ 71,188	\$ 11,791,663
Accounts receivable	1,353,011	8,756	1,361,767
Internal balances	75,572	(75,572)	-
Inventories		6,037	6,037
Capital assets, non-depreciable	11,623,011		11,623,011
Capital assets, depreciable, net	<u>72,844,122</u>	<u>416,155</u>	<u>73,260,277</u>
Total Assets	<u>97,616,191</u>	<u>426,564</u>	<u>98,042,755</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	1,156,888		1,156,888
Pension deferrals	<u>2,240,155</u>		<u>2,240,155</u>
Total Deferred Outflows of Resources	<u>3,397,043</u>		<u>3,397,043</u>
LIABILITIES			
Accounts payable	1,952,224	25,216	1,977,440
Unemployment claims payable	93,271		93,271
Payroll withholding payable	121,074		121,074
Accrued interest payable	633,267		633,267
Payable to state government	15,491		15,491
Unearned revenue	345,899	87,079	432,978
Noncurrent liabilities:			
Net pension liability	11,984,647		11,984,647
Due within one year	2,825,914		2,825,914
Due beyond one year	<u>38,554,573</u>		<u>38,554,573</u>
Total Liabilities	<u>56,526,360</u>	<u>112,295</u>	<u>56,638,655</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>5,289,301</u>		<u>5,289,301</u>
NET POSITION			
Net investment in capital assets	44,740,052	416,155	45,156,207
Restricted for:			
Excess surplus	1,475,887		1,475,887
Capital reserve	5,740,000		5,740,000
Emergency reserve	250,000		250,000
Unemployment compensation	333,793		333,793
Student Activities	530,779		530,779
Scholarships	41,203		41,203
Unrestricted (deficit)	<u>(13,914,141)</u>	<u>(101,886)</u>	<u>(14,016,027)</u>
Total Net Position	<u>\$ 39,197,573</u>	<u>\$ 314,269</u>	<u>\$ 39,511,842</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Activities
Year Ended June 30, 2021

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	\$ 41,612,987	\$ 266,954	\$ 429,986	\$ 101,250	\$ (40,814,797)		\$ (40,814,797)
Special education	13,373,861		802,199		(12,571,662)		(12,571,662)
Other instruction	3,736,341				(3,736,341)		(3,736,341)
Support services:							
Student and instruction related services	15,048,943	245,733	286,249		(14,516,961)		(14,516,961)
School administration services	5,109,105				(5,109,105)		(5,109,105)
General and business administration services	4,261,817				(4,261,817)		(4,261,817)
Operation and maintenance of plant services	8,249,568				(8,249,568)		(8,249,568)
Pupil transportation	2,723,742				(2,723,742)		(2,723,742)
Special schools	391,966				(391,966)		(391,966)
Charter Schools	28,424				(28,424)		(28,424)
Interest and other costs on long-term debt	1,315,694				(1,315,694)		(1,315,694)
Total governmental activities	<u>95,852,448</u>	<u>512,687</u>	<u>1,518,434</u>	<u>101,250</u>	<u>(93,720,077)</u>		<u>(93,720,077)</u>
Business-type activities:							
Food Service	388,524	86,047	19,840			\$ (282,637)	(282,637)
Total business-type activities	<u>388,524</u>	<u>86,047</u>	<u>19,840</u>	<u>-</u>	<u>-</u>	<u>(282,637)</u>	<u>(282,637)</u>
Total primary government	<u>\$ 96,240,972</u>	<u>\$ 598,734</u>	<u>\$ 1,538,274</u>	<u>\$ 101,250</u>	<u>(93,720,077)</u>	<u>(282,637)</u>	<u>(94,002,714)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					66,657,571		66,657,571
Property taxes, levied for debt service					3,267,966		3,267,966
State aid not restricted					27,095,874		27,095,874
Federal Sources					1,068		1,068
Investment Earnings					61,618		61,618
Miscellaneous Income					406,475		406,475
Total general revenues					<u>97,490,572</u>	<u>-</u>	<u>97,490,572</u>
Change in Net Position					3,770,495	(282,637)	3,487,858
Net Position—beginning (retroactively adjusted, see note 20)					<u>35,427,078</u>	<u>596,906</u>	<u>36,023,984</u>
Net Position—ending					<u>\$ 39,197,573</u>	<u>\$ 314,269</u>	<u>\$ 39,511,842</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Balance Sheet
Governmental Funds
June 30, 2021**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 11,126,427	\$ 571,982	\$ 22,066	\$ 11,720,475
Intergovernmental Accounts Receivable				
State	1,130,061			1,130,061
Federal		203,105		203,105
Other accounts receivable	6,955	12,890		19,845
Interfunds receivable	139,322			139,322
Total Assets	<u>\$ 12,402,765</u>	<u>\$ 787,977</u>	<u>\$ 22,066</u>	<u>\$ 13,212,808</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,085,369	\$ 18,055		\$ 1,103,424
Unemployment claims payable	93,271			93,271
Interfunds payable		63,750		63,750
Payable to state government		15,491		15,491
Payroll withholding payable	121,074			121,074
Unearned revenue	227,200	118,699		345,899
Total Liabilities	<u>1,526,914</u>	<u>215,995</u>		<u>1,742,909</u>
Fund Balances:				
Restricted for:				
Excess surplus - designated for subsequent year's expenditures	1,475,887			1,475,887
Capital reserve	5,740,000			5,740,000
Emergency reserve	250,000			250,000
Unemployment compensation reserve	333,793			333,793
Debt service			\$ 22,066	22,066
Student Activities		530,779		530,779
Scholarships		41,203		41,203
Assigned to:				
Other Purposes	357,072			357,072
Unassigned	2,719,099			2,719,099
Total Fund Balances	<u>10,875,851</u>	<u>571,982</u>	<u>22,066</u>	<u>11,469,899</u>
Total Liabilities and Fund Balances	<u>\$ 12,402,765</u>	<u>\$ 787,977</u>	<u>\$ 22,066</u>	<u>13,212,808</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$130,503,526 and the accumulated depreciation is \$46,036,393. See Note 6.	84,467,133
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.	(41,380,487)
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.	(633,267)
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.	1,156,888
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(3,049,146)
Accrued pension contributions for the June 30, 2021 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.	(848,800)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(11,984,647)
Net position of governmental activities	<u>\$ 39,197,573</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local sources:					
Local tax levy	\$ 66,657,571			\$ 3,267,966	\$ 69,925,537
Tuition charges	266,954				266,954
Interest earned on investments	59,868		\$ 1,750		61,618
Miscellaneous	406,475	\$ 479,141			885,616
Total - Local Sources	<u>67,390,868</u>	<u>479,141</u>	<u>1,750</u>	<u>3,267,966</u>	<u>71,139,725</u>
State sources					
Federal sources	17,752,639	166,669		223,219	18,142,527
Total Revenues	<u>85,144,575</u>	<u>1,865,417</u>	<u>1,750</u>	<u>3,491,185</u>	<u>90,502,927</u>
EXPENDITURES					
Current:					
Regular instruction	23,429,115	429,986			23,859,101
Special education instruction	5,880,735	802,199			6,682,934
Other instruction	2,234,853				2,234,853
Support services and undistributed costs:					
Tuition	2,001,073				2,001,073
Attendance/social work	70,077				70,077
Health services	622,766				622,766
Other support services	5,224,499	505,213			5,729,712
Improvement of instruction	876,871				876,871
School library	798,007				798,007
Instructional staff training	747,862				747,862
General administration services	857,145				857,145
School administration services	2,854,122				2,854,122
Central services	978,890				978,890
Administrative information technology	760,647				760,647
Required maintenance of school facility	1,139,557				1,139,557
Operations of plant services	3,890,594				3,890,594
Care and upkeep of grounds	253,504				253,504
Security	426,947				426,947
Pupil transportation services	2,706,065				2,706,065
Unallocated benefits	10,741,834				10,741,834
On-behalf TPAF social security, medical, disability and pension contributions	13,723,959				13,723,959
Debt service:					
Principal	284,490			2,160,000	2,444,490
Interest	89,937			1,380,175	1,470,112
Special schools	217,928				217,928
Contribution to charter school	28,424				28,424
Capital outlay	629,114	101,250			730,364
Total Expenditures	<u>81,469,015</u>	<u>1,838,648</u>	<u>-</u>	<u>3,540,175</u>	<u>86,847,838</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>3,675,560</u>	<u>26,769</u>	<u>1,750</u>	<u>(48,990)</u>	<u>3,655,089</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers in					
Transfers (out)			(1,750)		(1,750)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(1,750)</u>	<u>1,750</u>	<u>-</u>
Net change in fund balances	3,675,560	26,769	-	(47,240)	3,655,089
Fund Balance—July 1 (retroactively adjusted, see note 20)	7,200,291	545,213	-	69,306	7,814,810
Fund Balance—June 30	<u>\$ 10,875,851</u>	<u>\$ 571,982</u>	<u>\$ -</u>	<u>\$ 22,066</u>	<u>\$ 11,469,899</u>

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

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021**

Total net change in fund balances - governmental funds (from B-2)	\$	3,655,089
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 depreciation expense exceeded capital asset (capital outlay) additions in the period.		
Depreciation expense	\$	(3,533,486)
Capital additions		<u>638,538</u>
		(2,894,948)
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.		2,160,000
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.		284,490
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.		
Amortization of premium		267,799
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.		
Amortization of deferred loss		(154,540)
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.		41,159
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.		21,051
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense		<u>390,395</u>
Change in net position of governmental activities (A-2)	\$	<u>3,770,495</u>

PROPRIETARY FUND

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Net Position
June 30, 2021**

	Major Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 71,188
Accounts receivable:	
State	55
Federal	365
Other	8,336
Inventories	<u>6,037</u>
Total Current Assets	<u>85,981</u>
Noncurrent Assets:	
Capital assets:	
Depreciable:	
Furniture, machinery and equipment	822,003
Less accumulated depreciation	<u>(405,848)</u>
Total Capital Assets, net	<u>416,155</u>
Total Assets	<u>502,136</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	25,216
Interfund payable	75,572
Unearned revenue	<u>87,079</u>
Total Current Liabilities	<u>187,867</u>
NET POSITION	
Investment in capital assets	416,155
Unrestricted (deficit)	<u>(101,886)</u>
Total Net Position	<u><u>\$ 314,269</u></u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2021**

	Major Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 86,047
Total Operating Revenues	<u>86,047</u>
Operating Expenses:	
Cost of sales - reimbursable programs	51,031
Salaries	187,588
Employee benefits	39,219
Other purchased services	6,425
Management fee	51,219
Supplies and materials	13,144
Depreciation	<u>39,898</u>
Total Operating Expenses	<u>388,524</u>
Operating (loss)	<u>(302,477)</u>
Nonoperating Revenues:	
State sources:	
State school lunch program	1,560
Federal sources:	
National school lunch program	5,313
Food donation program	<u>12,967</u>
Total Nonoperating Revenues	<u>19,840</u>
Change in Net Position	(282,637)
Total Net Position—Beginning	<u>596,906</u>
Total Net Position—Ending	<u>\$ 314,269</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, 2021**

	<u>Major Enterprise Fund</u> <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 61,574
Payments to employees	(187,588)
Payments for employee benefits	(39,219)
Payments to suppliers	(47,730)
Net cash (used for) operating activities	<u>(212,963)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	1,521
Federal sources	5,957
Food donation program	12,727
Net cash provided by noncapital financing activities	<u>20,205</u>
Net decrease in cash and cash equivalents	(192,758)
Cash and cash equivalents, beginning of year	263,946
Cash and cash equivalents, end of year	<u>\$ 71,188</u>
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (302,477)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	39,898
Changes in assets and liabilities:	
Decrease in inventories	6,626
Decrease in other accounts receivable	3,601
Decrease in unearned revenue	(28,074)
Increase in interfund payable	75,572
Decrease in accounts payable	(8,109)
Total adjustments	<u>89,514</u>
Net cash (used for) operating activities	<u>\$ (212,963)</u>

Noncash noncapital financing activities:

The District received \$12,727 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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 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, 2021

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 and proprietary funds. 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 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 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, 2021

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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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, 2021

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, 2021

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, 2021, the District had inventories in the Food Service Enterprise Fund in the amount of \$6,037, of which, the portion of unused Food Donation Program commodities in the amount of \$3,911 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, 2021

1. Summary of Significant Accounting Policies (continued)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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, 2021, a liability existed for compensated absences in the government-wide financial statements in the amount of \$496,518 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, 2021 amounted to \$154,540. As of June 30, 2021, the District has an unamortized balance of \$1,156,888 recorded as a deferred outflow of resources.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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 2021-22 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, 2021

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 \$10,875,851 of fund balances in the General Fund, \$357,072 of encumbrances is assigned to other purposes, \$1,475,887 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$5,740,000 has been restricted for the capital reserve, \$250,000 has been restricted for emergency reserve, \$333,793 is restricted for unemployment claims and \$2,719,099 is classified as unassigned. Of the \$571,982 fund balances in the Special Revenue Fund, \$530,779 and \$41,203 are restricted for Student Activities and Scholarships, respectively. The District also has \$22,066 in the Debt Service Fund, which is restricted for debt service. Of this amount, \$20,316 has been appropriated in the 2021-22 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, 2021

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 \$3,097,304 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, 2021 was \$1,475,887. The entire amount has been appropriated in the 2021-22 budget.

R. GASB Pronouncements

Recently Issued

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 June 15, 2021. 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, 2020. 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, 2021

1. Summary of Significant Accounting Policies (continued)

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, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 24, 2022, 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, 2021, 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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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 \$41,380,487 difference are as follows:

Bonds payable	\$ 34,915,000
Premium on bonds	2,432,251
Obligation under capital lease	3,536,718
Compensated absences payable	<u>496,518</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 41,380,487</u>

3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less. Investments are stated at fair value in accordance with 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

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

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

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

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2021, the carrying amount of the District's deposits was \$11,791,663, and the bank balance was \$12,174,712. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2021 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$11,740,081. \$184,631 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, 2021

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, 2021.

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, 2021.

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, 2021.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 3,540,000
Deposits:	
Approved by Board Resolution at the June 2021 Board of Education Meeting	3,000,000
Withdrawal:	
Budgeted Withdrawal	<u>(800,000)</u>
Ending balance, June 30, 2021	<u>\$ 5,740,000</u>

\$800,000 of this amount was appropriated in the 2021-22 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, 2021 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, 2021.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2021:

	Beginning Balance	Increases	Reallocation/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	3,813,679	\$ 6,500	\$ (3,813,679)	6,500
Total capital assets, not being depreciated	15,430,190	6,500	(3,813,679)	11,623,011
Capital assets, being depreciated:				
Buildings and building improvements	99,459,714	100,123	3,813,679	103,373,516
Land improvements	8,922,170	88,500		9,010,670
Machinery, equipment and vehicles	6,052,914	443,415		6,496,329
Total capital assets being depreciated	114,434,798	632,038	3,813,679	118,880,515
Less accumulated depreciation for:				
Buildings and building improvements	(32,837,454)	(2,735,745)		(35,573,199)
Land improvements	(5,602,361)	(292,091)		(5,894,452)
Machinery, equipment and vehicles	(4,063,092)	(443,415)		(4,568,742)
Total accumulated depreciation	(42,502,907)	(3,533,486)		(46,036,393)
Total capital assets, being depreciated, net	71,931,891	(2,901,448)	3,813,679	72,844,122
Governmental activities capital assets, net	\$ 87,362,081	\$ (2,894,948)	\$ -	\$ 84,467,133

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Capital Assets (continued)

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

Instruction:	
Regular	\$ 1,590,630
Special education	445,535
Other	148,992
Support services:	
Student and instruction related services	589,695
School administration services	190,278
General and business administration services	173,115
Operation and maintenance of plant services	380,712
Special schools	14,529
Total depreciation expense – governmental activities	\$ 3,533,486

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Building improvements	\$ 318,486		\$ 318,486
Machinery and equipment	503,517		503,517
Total capital assets, being depreciated	822,003		822,003
Less accumulated depreciation for:			
Building improvements	(29,279)	\$ (14,814)	(44,093)
Machinery and equipment	(336,671)	(25,084)	(361,755)
Total accumulated depreciation	(365,950)	(39,898)	(405,848)
Total business-type activities capital assets, net	\$ 456,053	\$ (39,898)	\$ 416,155

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 37,075,000		\$ (2,160,000)	\$ 34,915,000	\$ 2,280,000
Premium on bonds	2,700,050		(267,799)	2,432,251	267,799
Compensated absences payable	517,569	\$ 17,643	(38,694)	496,518	34,312
Obligations under capital leases	3,821,208		(284,490)	3,536,718	243,803
Sub-total	44,113,827	17,643	(2,750,983)	41,380,487	2,825,914
Net pension liability	12,976,236		(991,589)	11,984,647	
Total governmental activities long-term liabilities	<u>\$ 57,090,063</u>	<u>\$ 17,643</u>	<u>\$ (3,742,572)</u>	<u>\$ 53,365,134</u>	<u>\$ 2,825,914</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, 2021 are comprised of the following issues:

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$415,000 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, 2021.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$1,135,000 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, 2021.

\$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, 2021

7. Long-Term Liabilities (continued)

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

	Principal	Interest	Total
Fiscal year ending June 30:			
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	2,650,000	899,625	3,549,625
2027-2031	15,395,000	2,669,850	18,064,850
2032-2036	5,995,000	755,850	6,750,850
2037	1,200,000	39,000	1,239,000
	\$ 34,915,000	\$ 8,982,475	\$ 43,897,475

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, 2021:

	Amount
Fiscal year ending June 30:	
2022	\$ 327,160
2023	335,079
2024	343,178
2025	351,462
2026	359,934
2027-2031	1,933,676
2032	414,982
Total minimum lease payment	4,065,471
Less amount representing interest	(528,753)
Present value of net future minimum lease payments	\$ 3,536,718

Capital assets paid for with proceeds from the capital lease totaled \$5,011,352, with accumulated depreciation of \$1,127,555 as of June 30, 2021.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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, 2021 were \$123,546. Future lease payments are as follows:

Year ending June 30:	
2022	\$ 80,260
2023	70,104
2024	69,999
2025	26,253
2026	3,493
Total lease payments	<u>\$ 250,108</u>

9. Pension Plans

Plan Descriptions

Substantially all 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 District 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 fulltime 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, 2021

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.

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

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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

During the year ended June 30, 2021, the State of New Jersey contributed \$11,380,831 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 \$2,343,128 during the year ended June 30, 2021 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.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020 and 2019 were \$803,968, \$700,510 and \$727,387, 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, 2021, the District reported a liability of \$11,984,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0734921451 percent, which was an increase of 0.0014758929 percent from its proportion measured as of June 30, 2019.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

For the year ended June 30, 2021, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 218,221	\$ 42,383
Changes of assumptions	388,796	5,018,085
Net difference between projected and actual earnings on pension plan investments	409,645	
Changes in proportion and differences between District contributions and proportionate share of contributions	374,693	228,833
District contributions subsequent to the measurement date	848,800	
	\$ 2,240,155	\$ 5,289,301

\$848,800 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (1,416,073)
2023	(1,374,467)
2024	(792,990)
2025	(279,493)
2026	(34,923)
	\$ (3,897,946)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

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, 2019 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.

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-2020.

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, 2020) 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, 2021

9. Pension Plans (continued)

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	7.59%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 15,086,671	\$ 11,984,647	\$ 9,352,495

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	\$ 7,849,949,467
Net pension liability	\$ 16,435,616,426
District's Proportion	0.0734921451%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.16, 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

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

proportionate share of the TPAF net pension liability associated with the District as of June 30, 2021 was \$189,088,715. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2871559156 percent, which was an increase of 0.0001434490 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$11,758,342 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

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 expected future real rates of return by the target asset allocation percentage and 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's proportionate share of the net pension liability associated with the District	\$ 222,106,841	\$ 189,088,715	\$ 161,672,703

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, 2020 are as follows:

Deferred outflows of resources	\$ 9,589,140,982
Deferred inflows of resources	\$ 14,409,361,877
Net pension liability	\$ 65,848,796,740
State's proportionate share associated with the District	0.0287155916%

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

9. Pension Plans (continued)

Additional Information

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534. 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, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 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 on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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 2020, the State paid PRM benefits for 143,053 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, 2021, 2020 and 2019 were \$2,714,234, \$2,378,483 and \$2,614,089 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including the new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 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 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion of 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

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, 2021

10. Post-Retirement Benefits (continued)

Total OPEB Liability

The total non-employer (State) OPEB liability from New Jersey's plan is \$67,809,962,608.

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, 2021:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2019	\$ 93,051,128
Changes for the year:	
Service cost	4,462,316
Interest cost	3,368,170
Differences between expected and actual experience	26,722,171
Changes in assumptions or other inputs	27,941,002
Member contributions	80,714
Gross benefit payments	(2,662,952)
Net changes	(59,911,421)
Ending Total OPEB Liability, June 30, 2020	\$ 152,962,549

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2020</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefit	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,108

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 total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2021 was \$152,962,549. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

10. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

The total nonemployer OPEB liability in the June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020 and included in the June 30, 2020 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55-4.45%	2.00-6.00%
	based on years of service	based on years of service
Thereafter	1.55-4.45%	3.00-7.00%
	based on years of service	based on years of service

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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2021

10. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2020 calculated using a 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 (1.21 %) or 1-percentage-point higher (3.21%) than the current discount rate:

	At 1% decrease (1.21%)	At current discount rate (2.21%)	At 1% increase (3.21%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 184,404,248	\$ 152,962,549	\$ 128,378,168

The following presents the non-employer OPEB liability associated with the District as of June 30, 2020 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)	\$ 123,476,528	\$ 152,962,549	\$ 188,073,847

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$8,736,946 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 24,023,298,802
Deferred inflows of resources	\$ 19,101,933,244
Collective OPEB expense	\$ 3,337,755,596
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, 2021 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 139,322	
Special Revenue Fund		\$ 63,750
Food Service Enterprise Fund		75,572
	\$ 139,322	\$ 139,322

The interfund between the general fund and the special revenue fund represents special revenue fund expenditures which were paid for by the general fund. The interfund between the food service enterprise fund and the general fund represents funds that were loaned by the general fund to the food service enterprise fund to meet current obligations. 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, 2021

12. Transfers

The following presents a reconciliation of transfers during the 2021 fiscal year:

	Transfers In	Transfers Out
Capital Projects Fund		\$ 1,750
Debt Service Fund	\$ 1,750	
	<u>\$ 1,750</u>	<u>\$ 1,750</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, 2021 may be impaired. As a result of the impact of COVID-19, the District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund and Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ESSER and CRF funds, money may be required to be returned. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

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.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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 coverage can be found in the statistical section of this Annual Comprehensive 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. The activity related to unemployment compensation is accounted for in the general fund.

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

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

17. Commitments

The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$357,072.

During the 2021 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government, through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2021, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

18. 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, 2021, therefore there are no tax abatements effecting the District as of June 30, 2021.

19. 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. 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 2021-22 fiscal year, if needed.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

19. Liquidity, Management Plans and Intentions (continued)

Management believes that the unassigned fund balance available as of June 30, 2021 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.

20. Change in Accounting Principle / Retroactive Adjustments

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As part of this implementation, the activity in the Unemployment Compensation Insurance Trust fund which had previously been reported in the Fiduciary Funds is now reported in the General fund. In addition, Student Activities and Scholarships are now reported in the Special Revenue Fund. The implementation of the Statement required a retroactive adjustments of prior year net position in the government-wide financial statements and fund balance in the general fund and special revenue fund statement of revenues, expenditures and changes in fund balance.

Government-wide financial statements:

Beginning Net Position - July 1, 2020	\$	34,549,905
Retroactive Adjustments:		
Reserve for Unemployment Compensation		331,960
Reserve for Scholarships		43,983
Reserve for Student Activities		501,230
		877,173
Beginning Net Position - July 1, 2020 (as adjusted)	\$	35,427,078

Government Fund financial statements:

Beginning Fund Balance - July 1, 2020	\$	6,937,637
Retroactive Adjustments for:		
Reserve for Unemployment Compensation		331,960
Reserve for Scholarships		43,983
Reserve for Student Activities		501,230
		877,173
Beginning Fund Balance - July 1, 2020 (as adjusted)	\$	7,814,810

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	0.06988231900%	0.0702593563%	0.0698980772%	0.07312859588%	0.0738272905%	0.0731279700%	0.0720162522%	0.0734921451%
District's proportionate share of the net pension liability (asset)	N/A	N/A	\$ 13,355,900	\$ 13,154,473	\$ 15,690,718	\$ 21,658,593	\$ 17,185,813	\$ 14,398,532	\$ 12,976,236	\$ 11,984,647
District's covered payroll	\$ 4,854,652	\$ 4,865,059	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,051,812	\$ 5,143,545	\$ 5,235,438
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	N/A	N/A	278.10%	270.74%	317.71%	431.50%	337.21%	285.02%	252.28%	228.91%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

N/A - Information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

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

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 554,543	\$ 526,549	\$ 579,208	\$ 600,936	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510	\$ 803,968
Contributions in relation to the contractually required contribution	(554,543)	(526,549)	(579,208)	(600,936)	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)	(803,968)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,854,652	\$ 4,865,059	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,143,545	\$ 5,235,438	\$ 5,292,806
Contributions as a percentage of covered payroll	11.42%	10.82%	12.06%	12.37%	12.61%	12.94%	13.42%	14.14%	13.38%	15.19%

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

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

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021		
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.263288497%	0.2660515944%	0.2698905323%	0.2799799553%	0.2800400222%	0.2801849358%	0.2870124666%	0.2871559156%		
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
State's proportionate share of the net pension liability (asset) associated with the District	\$ 133,033,790	\$ 142,195,918	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260	\$ 189,088,715		
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 133,033,790</u>	<u>\$ 142,195,918</u>	<u>\$ 170,582,342</u>	<u>\$ 220,250,059</u>	<u>\$ 188,813,081</u>	<u>\$ 178,254,000</u>	<u>\$ 176,142,260</u>	<u>\$ 189,088,715</u>		
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%		

* 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 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

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*

	2021	2020	Year Ended June 30, 2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District - Local Group	0.22%	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	\$ 152,962,549	\$ 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>\$ 152,962,549</u>	<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%	0.00%
Total OPEB Liability	2021	2020	2019	2018	2017**
Service cost	\$ 4,462,316	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	3,368,170	3,967,884	4,216,757	3,642,583	
Differences between expected and actual experience	26,722,171	(13,434,430)	(9,468,097)		
Changes of assumptions	27,941,002	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	80,714	84,671	92,218	97,591	
Gross benefits payments	<u>(2,662,952)</u>	<u>(2,856,392)</u>	<u>(2,668,216)</u>	<u>(2,650,315)</u>	
Net change in OPEB liability	59,911,421	(6,733,889)	(14,639,461)	(9,048,937)	
Total OPEB liability - beginning	<u>93,051,128</u>	<u>99,785,017</u>	<u>114,424,476</u>	<u>123,473,414</u>	
Total OPEB liability - ending	<u>\$ 152,962,549</u>	<u>\$ 93,051,128</u>	<u>\$ 99,785,017</u>	<u>\$ 114,424,477</u>	
Covered-employee payroll	<u>\$ 38,325,263</u>	<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>399.12%</u>	<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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 66,657,571		\$ 66,657,571	\$ 66,657,571	
Tuition	628,600		628,600	266,954	\$ (361,646)
Transportation Fees	150,000		150,000		(150,000)
Interest Earned on Investments	110,000		110,000	59,868	(50,132)
Miscellaneous	385,000		385,000	406,475	21,475
Total - Local Sources	<u>67,931,171</u>		<u>67,931,171</u>	<u>67,390,868</u>	<u>(540,303)</u>
State Sources:					
Categorical Special Education Aid	2,566,453	\$ (307,296)	2,259,157	2,259,157	
Transportation Aid	723,961		723,961	723,961	
Security Aid	159,916		159,916	159,916	
School Security Grant		234,432	234,432	234,432	
Extraordinary Aid	350,000		350,000	581,491	231,491
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				8,661,038	8,661,038
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,714,234	2,714,234
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,559	5,559
TPAF Social Security (Reimbursed - Non-Budgeted)				2,343,128	2,343,128
Additional Non-Public Transportation Aid				82,697	82,697
Total State Sources	<u>3,800,330</u>	<u>(72,864)</u>	<u>3,727,466</u>	<u>17,765,613</u>	<u>14,038,147</u>
Federal Sources:					
Medical Assistance Program				1,068	1,068
Total - Federal Sources				<u>1,068</u>	<u>1,068</u>
Total Revenues	<u>71,731,501</u>	<u>(72,864)</u>	<u>71,658,637</u>	<u>85,157,549</u>	<u>13,498,912</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	535,557	(9,391)	526,166	514,828	11,338
Grades 1-5 - Salaries of Teachers	7,782,457	76,314	7,858,771	7,563,113	295,658
Grades 6-8 - Salaries of Teachers	5,536,260	72,925	5,609,185	5,609,185	
Grades 9-12 - Salaries of Teachers	8,039,441	13,014	8,052,455	7,832,782	219,673
Regular Programs - Home Instruction					
Salaries of Teachers	51,000		51,000	30,386	20,614
Purchased Professional-Educational Services	30,000		30,000	19,257	10,743
Other Purchased Services	500		500		500
General Supplies	500		500		500
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	264,611	(383)	264,228	196,515	67,713
Purchased Professional-Educational Services	10,750		10,750	3,286	7,464
Cleaning, Repair and Maintenance Services	38,070	(610)	37,460	9,282	28,178
Rentals	336,960	3,346	340,306	199,486	140,820
Other Purchased Services	34,715	3,760	38,475	35,053	3,422
Travel	1,600		1,600		1,600
General Supplies	1,536,339	(62,535)	1,473,804	1,359,855	113,949
Textbooks	73,513	1,000	74,513	48,465	26,048
Other Objects	43,993	(5,745)	38,248	7,622	30,626
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,316,266</u>	<u>91,695</u>	<u>24,407,961</u>	<u>23,429,115</u>	<u>978,846</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Other Salaries for Instruction	66,205	11,430	77,635	77,635	
General Supplies	4,500	(3,585)	915	395	520
Total Learning and/or Language Disabilities	<u>70,705</u>	<u>7,845</u>	<u>78,550</u>	<u>78,030</u>	<u>520</u>
Visual Impairments					
Purchased Professional-Educational Services	2,000	2,200	4,200	4,200	
Total Visual Impairments	<u>2,000</u>	<u>2,200</u>	<u>4,200</u>	<u>4,200</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Behavioral Disabilities					
Salaries of Teachers	\$ 73,355		\$ 73,355	\$ 73,355	
Other Salaries for Instruction	14,737	\$ 5,005	19,742	19,742	
Total Behavioral Disabilities	<u>88,092</u>	<u>5,005</u>	<u>93,097</u>	<u>93,097</u>	
Multiple Disabilities					
Salaries of Teachers	390,180	786	390,966	390,966	
Other Salaries for Instruction	239,951		239,951	188,699	\$ 51,252
General Supplies	3,493	(415)	3,078	1,076	2,002
Total Multiple Disabilities	<u>633,624</u>	<u>371</u>	<u>633,995</u>	<u>580,741</u>	<u>53,254</u>
Resource Room/Resource Center					
Salaries of Teachers	3,845,538		3,845,538	3,648,034	197,504
Other Salaries for Instruction	959,922		959,922	865,275	94,647
General Supplies	9,269	(880)	8,389	5,042	3,347
Textbooks	1,500		1,500	1,178	322
Total Resource Room/Resource Center	<u>4,816,229</u>	<u>(880)</u>	<u>4,815,349</u>	<u>4,519,529</u>	<u>295,820</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	130,354	(3,673)	126,681	126,681	
General Supplies	2,200	261	2,461	2,271	190
Total Preschool Disabilities - Part-Time	<u>132,554</u>	<u>(3,412)</u>	<u>129,142</u>	<u>128,952</u>	<u>190</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	436,575	47,275	483,850	462,306	21,544
Other Salaries for Instruction	13,241		13,241	12,931	310
General Supplies	1,200		1,200	949	251
Total Preschool Disabilities - Full-Time	<u>451,016</u>	<u>47,275</u>	<u>498,291</u>	<u>476,186</u>	<u>22,105</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>6,194,220</u>	<u>58,404</u>	<u>6,252,624</u>	<u>5,880,735</u>	<u>371,889</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	730,658		730,658	664,220	66,438
General Supplies	5,075		5,075	4,075	1,000
Total Basic Skills/Remedial - Instruction	<u>735,733</u>		<u>735,733</u>	<u>668,295</u>	<u>67,438</u>
Bilingual Education - Instruction					
Salaries of Teachers	218,446	57,407	275,853	275,853	
Total Bilingual Education - Instruction	<u>218,446</u>	<u>57,407</u>	<u>275,853</u>	<u>275,853</u>	
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	379,440	46,513	425,953	425,953	
Purchased Services- Performing Arts		3,400	3,400	3,400	
Purchased Services	1,000		1,000	735	265
Supplies and Materials	69,080	(615)	68,465	63,690	4,775
Other Objects	30,250		30,250	22,853	7,397
Total School-Spon. Cocurricular Actvts. - Inst.	<u>479,770</u>	<u>49,298</u>	<u>529,068</u>	<u>516,631</u>	<u>12,437</u>
School-Spon. Athletics					
Salaries	525,300	5,221	530,521	472,237	58,284
Purchased Services	122,675	(4,335)	118,340	78,151	40,189
Cleaning, Repair and Maintenance Services	11,500	2,917	14,417	14,415	2
Insurance	77,964	(8,000)	69,964	63,113	6,851
Supplies and Materials	66,865	15,340	82,205	65,385	16,820
Other Objects	120,980	18,644	139,624	80,773	58,851
Total School-Spon. Athletics	<u>925,284</u>	<u>29,787</u>	<u>955,071</u>	<u>774,074</u>	<u>180,997</u>
Total Instruction	<u>32,869,719</u>	<u>286,591</u>	<u>33,156,310</u>	<u>31,544,703</u>	<u>1,611,607</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	\$ 135,694	\$ (12,000)	\$ 123,694		\$ 123,694
Tuition to County Voc. School Dist. - Regular	49,266	22,027	71,293	\$ 71,293	
Tuition to Private Schools for the Disabled - Within State	1,972,508	(21,631)	1,950,877	1,834,070	116,807
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	362,000	(25,000)	337,000	95,710	241,290
Total Undistributed Expenditures - Instruction	<u>2,519,468</u>	<u>(36,604)</u>	<u>2,482,864</u>	<u>2,001,073</u>	<u>481,791</u>
Undistributed Expend. - Attend. and Social Work					
Salaries	66,479	3,598	70,077	70,077	
Total Undistributed Expend. - Attend. and Social Work	<u>66,479</u>	<u>3,598</u>	<u>70,077</u>	<u>70,077</u>	
Undist. Expend. - Health Services					
Salaries	607,626	17,579	625,205	584,774	40,431
Salaries of Social Services Coordinator		1,328	1,328	1,328	
Purchased Professional and Technical Services	24,300	90	24,390	20,950	3,440
Other Purchased Services	960		960	568	392
Supplies and Materials	19,178	2,200	21,378	15,146	6,232
Total Undistributed Expenditures - Health Services	<u>652,064</u>	<u>21,197</u>	<u>673,261</u>	<u>622,766</u>	<u>50,495</u>
Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	797,878	196	798,074	798,074	
Purchased Professional - Educational Services	89,400	25,000	114,400	107,715	6,685
Supplies and Materials	6,232	6,595	12,827	12,083	744
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services	<u>893,510</u>	<u>31,791</u>	<u>925,301</u>	<u>917,872</u>	<u>7,429</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	221,517	(119,752)	101,765	56,969	44,796
Other Salaries for Instruction	425,791	19,700	445,491	435,408	10,083
Purchased Professional - Educational Services	243,500	12,000	255,500	226,624	28,876
Supplies and Materials	60,400		60,400	34,474	25,926
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>951,208</u>	<u>(88,052)</u>	<u>863,156</u>	<u>753,475</u>	<u>109,681</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,500,875	(133,707)	1,367,168	1,367,168	
Salaries of Secretarial and Clerical Assistants	149,295		149,295	137,096	12,199
Purchased Professional - Educational Services	22,600		22,600	22,524	76
Other Purchased Prof. and Tech. Services	12,600		12,600	5,355	7,245
Supplies and Materials	11,470		11,470	5,658	5,812
Other Objects	11,560		11,560	10,181	1,379
Total Undist. Expend. - Guidance	<u>1,708,400</u>	<u>(133,707)</u>	<u>1,574,693</u>	<u>1,547,982</u>	<u>26,711</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	1,756,116	17,014	1,773,130	1,768,059	5,071
Salaries of Secretarial and Clerical Assistants	176,935		176,935	176,935	
Purchased Prof. - Educational Services	10,000	(920)	9,080	5,650	3,430
Other Purchased Prof. and Tech. Services	23,275	5,075	28,350	25,375	2,975
Other Purchased Services	4,810		4,810	4,810	
Supplies and Materials	30,678		30,678	28,966	1,712
Other Objects	3,140		3,140	185	2,955
Total Undist. Expend. - Child Study Teams	<u>2,004,954</u>	<u>21,169</u>	<u>2,026,123</u>	<u>2,005,170</u>	<u>20,953</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	917,900	561	918,461	876,519	41,942
Supplies and Materials	500		500	352	148
Other Objects	500		500		500
Total Undist. Expend. - Improvement of Inst. Serv.	<u>918,900</u>	<u>561</u>	<u>919,461</u>	<u>876,871</u>	<u>42,590</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 702,077	\$ 4,178	\$ 706,255	\$ 654,092	\$ 52,163
Other Purchased Services	71,640		71,640	43,775	27,865
Supplies and Materials	74,328	171	74,499	66,479	8,020
Other Objects	30,233	3,851	34,084	33,661	423
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>878,278</u>	<u>8,200</u>	<u>886,478</u>	<u>798,007</u>	<u>88,471</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	713,097		713,097	703,782	9,315
Purchased Professional - Educational Services	28,650		28,650	12,892	15,758
Other Purchased Services	62,385	(48,076)	14,309	3,717	10,592
Supplies and Materials	13,000	230	13,230	3,101	10,129
Other Objects	26,375	800	27,175	24,370	2,805
Total Undist. Expend. - Instructional Staff Training Serv.	<u>843,507</u>	<u>(47,046)</u>	<u>796,461</u>	<u>747,862</u>	<u>48,599</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	574,694	1,233	575,927	555,527	20,400
Legal Services	235,000		235,000	135,770	99,230
Audit Fees	69,490		69,490	52,085	17,405
Architectural/Engineering Services	45,000	(8,100)	36,900	18,574	18,326
Other Purchased Professional Services	28,540		28,540	5,825	22,715
Other Purchased Professional and Technical Services	3,500		3,500		3,500
Insurance	2,400		2,400	1,573	827
Communications/Telephone	64,541	(848)	63,693	27,592	36,101
Travel	12,120		12,120	950	11,170
Board of Education Other Purchased Services	10,000		10,000	260	9,740
Miscellaneous Purchased Services	5,000		5,000	1,527	3,473
General Supplies	13,895		13,895	2,054	11,841
Board of Education In-House Training/Meeting Supplies	5,000		5,000		5,000
Miscellaneous Expenditures	28,852	(1,432)	27,420	11,705	15,715
Board of Education Dues and Fees	46,000		46,000	43,703	2,297
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,144,032</u>	<u>(9,147)</u>	<u>1,134,885</u>	<u>857,145</u>	<u>277,740</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,083,270		2,083,270	2,028,542	54,728
Salaries of Secretarial and Clerical Assistants	803,709		803,709	777,730	25,979
Other Purchased Services	26,199	14,905	41,104	32,633	8,471
Travel	3,000		3,000	666	2,334
Supplies and Materials	16,456	1,000	17,456	6,903	10,553
Other Objects	19,593		19,593	7,648	11,945
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,952,227</u>	<u>15,905</u>	<u>2,968,132</u>	<u>2,854,122</u>	<u>114,010</u>
Undist. Expend. - Central Services					
Salaries	822,987	15,669	838,656	838,656	
Purchased Professional Services	39,250	36,301	75,551	69,040	6,511
Purchased Technical Services	15,000	(2,402)	12,598	6,079	6,519
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	10,732	(785)	9,947	7,524	2,423
Travel	9,000		9,000	725	8,275
Miscellaneous Purchased Services	40,000	10,023	50,023	47,056	2,967
Supplies and Materials	27,032	523	27,555	8,509	19,046
Miscellaneous Expenditures	7,060		7,060	1,301	5,759
Total Undist. Expend. - Central Services	<u>971,361</u>	<u>59,329</u>	<u>1,030,690</u>	<u>978,890</u>	<u>51,800</u>
Undist. Expend. - Technology Admin.					
Salaries	619,434	14,284	633,718	633,718	
Cleaning, Repair and Maintenance Services	84,260	2,355	86,615	28,593	58,022
Rentals	128		128		128
Travel	16,400		16,400	1,905	14,495
Supplies and Materials	106,570	(10,426)	96,144	95,856	288
Other Objects	600		600	575	25
Total Undist. Expend. - Technology Admin.	<u>827,392</u>	<u>6,213</u>	<u>833,605</u>	<u>760,647</u>	<u>72,958</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	\$ 680,320	\$ (20,608)	\$ 659,712	\$ 627,474	\$ 32,238
Cleaning, Repair and Maintenance Services	325,000	80,440	405,440	391,963	13,477
Other Purch Services - Rentals	3,208	(3,208)			
Travel	15,146	(14,957)	189		189
General Supplies	160,000	343,226	503,226	493,497	9,729
Other Objects	2,000		2,000	1,050	950
Total Undist. Expend. - Required Maint. for Sch. Facil.	<u>1,185,674</u>	<u>384,893</u>	<u>1,570,567</u>	<u>1,513,984</u>	<u>56,583</u>
Undist. Expend. - Custodial Services					
Salaries	1,989,215	26,725	2,015,940	1,987,301	28,639
Salaries of Non-Instructional Aides	55,387	(14,950)	40,437		40,437
Cleaning, Repair and Maintenance Services	325,000	(40,000)	285,000	227,775	57,225
Other Purchased Property Services	113,105	21,119	134,224	114,976	19,248
Insurance	323,463	23,108	346,571	346,571	
General Supplies	271,775	194	271,969	230,037	41,932
Gasoline	27,000	(8,000)	19,000	17,119	1,881
Natural Gas	425,000		425,000	199,603	225,397
Electricity	576,000	165,898	741,898	392,785	349,113
Interest on Energy Savings Improvement Program Bonds	89,937		89,937	89,937	
Principal on Energy Savings Improvement Program Bonds	284,490		284,490	284,490	
Other Objects	5,000	(4,600)	400		400
Total Undist. Expend. - Custodial Services	<u>4,485,372</u>	<u>169,494</u>	<u>4,654,866</u>	<u>3,890,594</u>	<u>764,272</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	115,915	6,019	121,934	121,934	
Cleaning, Repair and Maintenance Services	74,950	22,825	97,775	91,290	6,485
General Supplies	38,000	5,269	43,269	40,280	2,989
Total Undist. Expend. - Care and Upkeep of Grounds	<u>228,865</u>	<u>34,113</u>	<u>262,978</u>	<u>253,504</u>	<u>9,474</u>
Undist. Expend. - Security					
Salaries	224,648	723	225,371	196,713	28,658
Purchased Professional and Technical Services	155,000		155,000	112,000	43,000
Cleaning, Repair and Maintenance Services	60,000	37,557	97,557	91,529	6,028
General Supplies	130,400	(59,500)	70,900	26,705	44,195
Total Undist. Expend. - Security	<u>570,048</u>	<u>(21,220)</u>	<u>548,828</u>	<u>426,947</u>	<u>121,881</u>
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	25,276	13,182	38,458	24,025	14,433
Management Fees - ESC & CTSA Transportation Programs	12,960	(178)	12,782	12,781	1
Other Purchased Professional and Technical Services	6,000	12,042	18,042	18,042	
Contracted Services Aid In Lieu of Payment for Non-public School Students	210,000		210,000	147,699	62,301
Contracted Services (Between Home and School) - Vendors	917,840	(106,732)	811,108	800,042	11,066
Contracted Services (Other than Between Home and School) - Vendors	435,818	(207,119)	228,699	151,952	76,747
Contracted Services (Regular Students) - ESCs	200,000	93,353	293,353	293,353	
Contracted Services (Special Education Students) - ESCs	1,614,984	1,298	1,616,282	1,258,171	358,111
Total Undist. Expend. - Student Transportation Serv.	<u>3,422,878</u>	<u>(194,154)</u>	<u>3,228,724</u>	<u>2,706,065</u>	<u>522,659</u>
Unallocated Benefits					
Social Security Contributions	828,372	67,219	895,591	895,591	
Other Retirement Contributions - Regular	830,000	57,389	887,389	887,389	
Workmen's Compensation	307,911	(53,395)	254,516	242,032	12,484
Health Benefits	9,218,250	(905,112)	8,313,138	8,289,934	23,204
Tuition Reimbursement	155,000	39,920	194,920	194,200	720
Other Employee Benefits	260,000	19,364	279,364	232,688	46,676
Total Unallocated Benefits	<u>11,599,533</u>	<u>(774,615)</u>	<u>10,824,918</u>	<u>10,741,834</u>	<u>83,084</u>
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				8,661,038	(8,661,038)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,714,234	(2,714,234)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,559	(5,559)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,343,128	(2,343,128)
Total On-behalf Contributions				<u>13,723,959</u>	<u>(13,723,959)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>38,824,150</u>	<u>(548,082)</u>	<u>38,276,068</u>	<u>49,048,846</u>	<u>(10,772,778)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>71,693,869</u>	<u>(261,491)</u>	<u>71,432,378</u>	<u>80,593,549</u>	<u>(9,161,171)</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction	\$ 445,000	\$ 22,683	\$ 467,683	\$ 381,076	\$ 86,607
Total Equipment	<u>445,000</u>	<u>22,683</u>	<u>467,683</u>	<u>381,076</u>	<u>86,607</u>
Central Services					
Central Services Equipment	75,000	(75,000)			
Total Central Services	<u>75,000</u>	<u>(75,000)</u>			
Required Maintenance for School Facilities					
Non-Instructional equipment		53,000	53,000	52,590	410
Total Required Maintenance for School Facilities		<u>53,000</u>	<u>53,000</u>	<u>52,590</u>	<u>410</u>
Custodial Services					
Non-Instructional equipment		22,359	22,359	22,359	
Total Custodial Services		<u>22,359</u>	<u>22,359</u>	<u>22,359</u>	
Security					
Security Equipment		52,000	52,000		52,000
Total Security		<u>52,000</u>	<u>52,000</u>		<u>52,000</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000		25,000	6,500	18,500
Construction Services	255,000	12,644	267,644	54,130	213,514
School Security		234,432	234,432		234,432
Other Objects - Debt Service Assessment	112,459		112,459	112,459	
Total Facilities Acquisition and Construction Services	<u>392,459</u>	<u>247,076</u>	<u>639,535</u>	<u>173,089</u>	<u>466,446</u>
TOTAL CAPITAL OUTLAY	<u>912,459</u>	<u>322,118</u>	<u>1,234,577</u>	<u>629,114</u>	<u>605,463</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	18,948		18,948		18,948
General Supplies	1,200	451	1,651	908	743
Total Summer School - Instruction	<u>20,148</u>	<u>451</u>	<u>20,599</u>	<u>908</u>	<u>19,691</u>
Total Summer School	<u>20,148</u>	<u>451</u>	<u>20,599</u>	<u>908</u>	<u>19,691</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	178,949	37,849	216,798	216,798	
General Supplies	1,500	(225)	1,275	222	1,053
Total Instructional Alternative Education Programs - Instruction	<u>180,449</u>	<u>37,624</u>	<u>218,073</u>	<u>217,020</u>	<u>1,053</u>
TOTAL SPECIAL SCHOOLS	<u>200,597</u>	<u>38,075</u>	<u>238,672</u>	<u>217,928</u>	<u>20,744</u>
Contribution to Charter Schools		28,424	28,424	28,424	
TOTAL EXPENDITURES	<u>72,806,925</u>	<u>127,126</u>	<u>72,934,051</u>	<u>81,469,015</u>	<u>(8,534,964)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,075,424)</u>	<u>(199,990)</u>	<u>(1,275,414)</u>	<u>3,688,534</u>	<u>4,963,948</u>
Change in fund balance	(1,075,424)	(199,990)	(1,275,414)	3,688,534	4,963,948
Fund Balance, July 1 (retroactively adjusted see Note 20)	<u>7,488,274</u>	<u>-</u>	<u>7,488,274</u>	<u>7,488,274</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,412,850</u>	<u>\$ (199,990)</u>	<u>\$ 6,212,860</u>	<u>\$ 11,176,808</u>	<u>\$ 4,963,948</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of (Deficiency) Excess of Revenues and (Under) Over Expenditures:					
Adjustment for Prior Year Encumbrances		\$ (199,990)	\$ (199,990)	\$ (199,990)	
Budgeted Fund Balance	\$ (275,424)		(275,424)	1,688,524	\$ 1,963,948
Increase in Capital Reserve				3,000,000	3,000,000
Withdrawal from Capital Reserve	(800,000)		(800,000)	(800,000)	
Total	<u>\$ (1,075,424)</u>	<u>\$ (199,990)</u>	<u>\$ (1,275,414)</u>	<u>\$ 3,688,534</u>	<u>\$ 4,963,948</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 1,475,887	
Capital Reserve				5,740,000	
Emergency Reserve				250,000	
Unemployment Compensation				333,793	
Assigned to:					
Year End Encumbrances				357,072	
Unassigned Fund Balance				<u>3,020,056</u>	
Budgetary Fund Balance				<u>\$ 11,176,808</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance				\$ 11,176,808	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(300,957)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 10,875,851</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2021**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 85,157,549	\$ 1,956,421
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		(106,049)
Prior Year, net		15,045
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	287,983	
State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	<u>(300,957)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	<u>\$ 85,144,575</u>	<u>\$ 1,865,417</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 81,469,015	\$ 1,929,652
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>(91,004)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 81,469,015</u>	<u>\$ 1,838,648</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, 2021**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>	<u>Student Activities</u>	<u>Scholarships</u>
REVENUES:						
State Sources	\$ 166,669	\$ 166,669				
Federal Sources	1,322,333		\$ 1,322,333			
Local Sources	467,419			\$ 211,955	\$ 245,733	\$ 9,731
Total Revenues	<u>\$ 1,956,421</u>	<u>\$ 166,669</u>	<u>\$ 1,322,333</u>	<u>\$ 211,955</u>	<u>\$ 245,733</u>	<u>\$ 9,731</u>
EXPENDITURES:						
Instruction:						
Personnel Services - Salaries	\$ 18,071		\$ 14,615	\$ 3,456		
Salaries of Teachers	25,652		25,652			
Purchased Professional and Educational Services	111,768	\$ 106,843		4,925		
Other Purchased Services	843,226		843,226			
General Supplies	282,846	43,928	182,917	56,001		
Textbooks	15,898	15,898				
Total Instruction	<u>1,297,461</u>	<u>166,669</u>	<u>1,066,410</u>	<u>64,382</u>		
Support Services:						
Personnel Services - Employee Benefits	10,261		10,261			
Purchased Professional and Technical Services	66,307		63,807	2,500		
Other Purchased Services	19,653		1,200	18,453		
Cleaning, Repairs and Maintenance Services	838			838		
Supplies and Materials	151,262		146,280	4,982		
General Supplies	19,550			19,550		
Other Objects	12,511					\$ 12,511
Student Activities	216,184				\$ 216,184	
Total Support Services	<u>496,566</u>		<u>221,548</u>	<u>46,323</u>	<u>216,184</u>	<u>12,511</u>
Facilities Acquisition and Const. Serv.:						
Instructional Equipment	12,750			12,750		
Construction Services	122,875		34,375	88,500		
Total Facilities Acquisition and Const. Serv.	<u>135,625</u>		<u>34,375</u>	<u>101,250</u>		
Total Expenditures	<u>\$ 1,929,652</u>	<u>\$ 166,669</u>	<u>\$ 1,322,333</u>	<u>\$ 211,955</u>	<u>\$ 216,184</u>	<u>\$ 12,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,769	-	-	-	29,549	(2,780)
Fund Balance, July 1 (Retroactively adjusted, see note 20)	545,213	-	-	-	501,230	43,983
Fund Balane, June 30	<u>\$ 571,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,779</u>	<u>\$ 41,203</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, 2021**

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxiliary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Security Aid</u>
REVENUES:						
State Sources	\$ 166,669	\$ 15,898	\$ 8,386	\$ 67,041	\$ 31,416	\$ 43,928
Total State Revenues	<u>\$ 166,669</u>	<u>\$ 15,898</u>	<u>\$ 8,386</u>	<u>\$ 67,041</u>	<u>\$ 31,416</u>	<u>\$ 43,928</u>
EXPENDITURES:						
Instruction:						
Purchased Professional and Educational Services	\$ 106,843		\$ 8,386	\$ 67,041	\$ 31,416	
General Supplies	43,928					\$ 43,928
Textbooks	15,898	\$ 15,898				
Total Instruction	<u>166,669</u>	<u>15,898</u>	<u>8,386</u>	<u>67,041</u>	<u>31,416</u>	<u>43,928</u>
Total Expenditures	<u>166,669</u>	<u>15,898</u>	<u>8,386</u>	<u>67,041</u>	<u>31,416</u>	<u>\$ 43,928</u>
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1 (Retroactively adjusted, see note 20)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balane, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2021**

	<u>E.S.E.A.</u>		<u>I.D.E.A.</u>		<u>COVID-19 CARES Act</u>	<u>COVID-19 Digital Divide</u>	<u>COVID-19 Coronavirus Relief Fund (CRF)</u>	<u>COVID-19 ESSER II</u>
	<u>Total</u>	<u>Title II-A</u>	<u>Basic</u>	<u>Preschool</u>				
REVENUES:								
Federal Sources	\$ 1,322,333	\$ 37,548	\$ 905,398	\$ 49,237	\$ 78,259	\$ 28,000	\$ 119,969	\$ 103,922
Total Federal Revenues	<u>\$ 1,322,333</u>	<u>\$ 37,548</u>	<u>\$ 905,398</u>	<u>\$ 49,237</u>	<u>\$ 78,259</u>	<u>\$ 28,000</u>	<u>\$ 119,969</u>	<u>\$ 103,922</u>
EXPENDITURES:								
Instruction:								
Personnel Services - Salaries	\$ 14,615							\$ 14,615
Salaries of Teachers	25,652	\$ 25,652						
Other Purchased Services	843,226		\$ 843,226					
General Supplies	182,917			\$ 49,237	\$ 63,720	\$ 28,000	\$ 13,218	28,742
Total Instruction	<u>1,066,410</u>	<u>25,652</u>	<u>843,226</u>	<u>49,237</u>	<u>63,720</u>	<u>28,000</u>	<u>13,218</u>	<u>43,357</u>
Support Services:								
Employee Benefits	10,261	10,261						
Purchased Professional and Technical Services	63,807	1,635	62,172					
Other Purchased Services	1,200							1,200
Supplies and Materials	146,280				14,539		106,751	24,990
Total Support Services	<u>221,548</u>	<u>11,896</u>	<u>62,172</u>		<u>14,539</u>		<u>106,751</u>	<u>26,190</u>
Facilities Acquisition and Const. Serv.:								
Constructional Services	34,375							34,375
Total Facilities Acquisition and Const. Serv.	<u>34,375</u>							<u>34,375</u>
Total Expenditures	<u>\$ 1,322,333</u>	<u>\$ 37,548</u>	<u>\$ 905,398</u>	<u>\$ 49,237</u>	<u>\$ 78,259</u>	<u>\$ 28,000</u>	<u>\$ 119,969</u>	<u>103,922</u>
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1 (Retroactively adjusted, see note 20)	-	-	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2021**

REVENUES	
Interest earned	\$ 1,750
Total Revenues	<u>1,750</u>
 Excess of Revenues Over Expenditures	 <u>1,750</u>
 OTHER FINANCING (USES)	
Transfer out	<u>(1,750)</u>
Total Other Financing (Uses)	<u>(1,750)</u>
 Change in Fund Balance	 -
 Fund Balance - July 1	 <u>-</u>
Fund Balance - June 30	<u>\$ -</u>

LONG-TERM DEBT

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Long - Term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2021**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2021</u>			<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000	7/15/2021	\$ 415,000	4.000%	\$ 15,085,000	\$ 400,000	\$ 14,685,000	
			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	1/15/2022	1,135,000	5.000%	7,355,000	1,080,000	6,275,000	
			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	1/15/2022	730,000	2.000%	14,635,000	680,000	13,955,000	
			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>\$ 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, 2021**

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Original Issue</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	<u>\$ 3,821,208</u>	<u>\$ 284,490</u>	<u>\$ 3,536,718</u>
			<u>\$ 3,821,208</u>	<u>\$ 284,490</u>	<u>\$ 3,536,718</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,267,966		\$ 3,267,966	\$ 3,267,966	
State Sources:					
Debt Service Aid Type II	<u>223,219</u>		<u>223,219</u>	<u>223,219</u>	
Total Revenues	<u>3,491,185</u>		<u>3,491,185</u>	<u>3,491,185</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,160,000		2,160,000	2,160,000	
Interest on Bonds	<u>1,380,175</u>		<u>1,380,175</u>	<u>1,380,175</u>	
Total Regular Debt Service	<u>3,540,175</u>		<u>3,540,175</u>	<u>3,540,175</u>	
Total Expenditures	<u>3,540,175</u>		<u>3,540,175</u>	<u>3,540,175</u>	
(Deficiency) of Revenues (Under) Expenditures	<u>(48,990)</u>		<u>(48,990)</u>	<u>(48,990)</u>	
Other Financing Sources:					
Transfers in	<u>-</u>		<u>-</u>	<u>1,750</u>	<u>\$ 1,750</u>
Total other financing sources	<u>-</u>		<u>-</u>	<u>1,750</u>	<u>1,750</u>
Deficiency (Excess) of revenues and other financing sources (under) over expenditures	(48,990)		(48,990)	(47,240)	1,750
Fund Balance, July 1	<u>69,306</u>	<u>-</u>	<u>69,306</u>	<u>69,306</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 20,316</u>	<u>\$ -</u>	<u>\$ 20,316</u>	<u>\$ 22,066</u>	<u>\$ 1,750</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 annual comprehensive financial reports (ACFR) for the relevant year.

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

(accrual basis of accounting)
 Unaudited

	2012	2013	2014 (as restated)	2015	As of June 30, 2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets										
Restricted	\$ 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	\$ 44,740,052
Unrestricted (deficit)	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	8,371,662
Total governmental activities net position	\$ 39,600,790	\$ 42,392,069	\$ 42,828,533	\$ 30,046,416	\$ 30,778,449	\$ 29,941,622	\$ 30,277,430	\$ 31,875,634	\$ 34,549,905	\$ 39,197,573
Business-type activities										
Investment in capital assets	\$ 187,573	\$ 200,539	\$ 213,504	\$ 206,588	\$ 283,085	\$ 263,901	\$ 249,847	\$ 481,919	\$ 456,053	\$ 416,155
Unrestricted (deficit)	81,725	94,843	131,301	206,978	144,516	246,940	363,078	237,468	140,853	(101,886)
Total business-type activities net position	\$ 269,298	\$ 295,382	\$ 344,805	\$ 413,566	\$ 427,601	\$ 510,841	\$ 612,925	\$ 719,387	\$ 596,906	\$ 314,269
Government-wide										
Net investment in capital assets	\$ 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	\$ 45,156,207
Restricted	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	8,371,662
Unrestricted (deficit)	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)	(14,016,027)
Total government-wide net position	\$ 39,870,088	\$ 42,687,451	\$ 43,173,338	\$ 30,459,982	\$ 31,206,050	\$ 30,452,463	\$ 30,890,355	\$ 32,595,021	\$ 35,146,811	\$ 39,511,842

Source: ACFR 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.

GASB 84 was implemented in the 2021 fiscal year, which required Unemployment Compensation to be recorded in the general fund and Student Activities and Scholarship activity to be recorded in the special revenue fund.

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

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction	\$ 36,397,419	\$ 38,849,778	\$ 40,241,403	\$ 47,199,764	\$ 49,759,786	\$ 54,942,382	\$ 58,612,675	\$ 53,879,765	\$ 53,711,562	\$ 54,789,380
Support services:										
Student and instruction related services	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	14,029,746
School administration services	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	4,734,263
General and Business administration services	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	3,990,945
Operation and Maintenance of Plant Services	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	7,857,743
Student transportation services	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	2,720,533
Special Schools	150,240	172,554	240,248	250,999	290,374	318,195	306,429	279,176	314,075	391,432
Charter Schools	11,223	9,821	20,005					32,757		
Interest and other costs on long term debt	1,635,309	1,570,852	1,764,143	1,031,453	1,186,504	1,564,896	1,527,928	1,474,153	1,403,918	1,315,694
Total governmental activities	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	89,829,736
Business-type activities:										
Food service	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	388,524
Total business-type activities expense	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	388,524
Total government-wide expenses	\$ 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	\$ 90,218,260
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 43,900	\$ 174,243	\$ 238,138	\$ 251,032	\$ 179,845	\$ 165,429	\$ 109,908	\$ 112,560	\$ 354,253	\$ 266,954
Pupil transportation	98,468	117,344	128,015	134,560	132,526	157,648	172,298	171,743	99,496	245,733
Student and instruction related services (student activities)										
Operating grants and contributions	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	1,518,434
Capital grants and contributions	276,089	2,997	76,981	68,753	248,586	265,746	168,898	119,720	155,339	101,250
Total governmental activities program revenues	1,694,768	1,745,667	1,673,785	1,866,953	1,929,090	1,849,539	1,896,101	1,650,831	1,710,962	2,132,371
Business-type activities:										
Charges for services										
Food service	948,046	891,004	1,018,241	1,063,569	1,127,623	1,166,780	1,248,527	1,266,481	852,827	86,047
Operating grants and contributions	93,540	91,155	91,459	83,987	93,426	88,231	88,314	81,292	51,973	19,840
Total business type activities program revenues	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	105,887
Total government-wide program revenues	\$ 2,736,354	\$ 2,727,826	\$ 2,783,485	\$ 3,014,509	\$ 3,150,139	\$ 3,104,550	\$ 3,232,942	\$ 2,998,604	\$ 2,615,762	\$ 2,238,258
Net (Expense)/Revenue										
Governmental activities	\$ (59,529,614)	\$ (62,743,701)	\$ (65,871,000)	\$ (74,798,660)	\$ (78,742,317)	\$ (87,802,267)	\$ (93,968,345)	\$ (87,525,105)	\$ (86,083,327)	\$ (87,697,365)
Business-type activities	59,344	26,084	49,423	68,761	14,035	83,240	102,084	106,462	(122,481)	(282,637)
Total government-wide net (expense)/revenue	\$ (59,470,270)	\$ (62,717,617)	\$ (65,821,577)	\$ (74,729,899)	\$ (78,728,282)	\$ (87,719,027)	\$ (93,866,261)	\$ (87,418,643)	\$ (86,205,808)	\$ (87,980,002)

School District of the Chathams
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 66,657,571
Taxes levied for debt service	2,733,596	2,729,133	2,737,760	2,655,242	2,607,363	2,261,810	2,700,999	3,210,325	3,156,995	3,267,966
Unrestricted grants and contributions	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	21,074,230
Investment earnings	9,600	8,148	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618
Miscellaneous income	417,024	1,105,493	366,796	434,592	543,828	781,108	471,789	649,444	579,693	406,475
Total governmental activities	62,043,087	65,534,980	66,307,464	75,372,443	79,474,350	86,965,440	94,304,153	89,123,309	88,757,598	91,467,860
Total district-wide	\$ 62,043,087	\$ 65,534,980	\$ 66,307,464	\$ 75,372,443	\$ 79,474,350	\$ 86,965,440	\$ 94,304,153	\$ 89,123,309	\$ 88,757,598	\$ 91,467,860
Change in Net Position										
Governmental activities	\$ (700,614)	\$ (336,020)	\$ (8,491,196)	\$ (3,369,874)	\$ (8,327,917)	\$ (7,002,905)	\$ 335,808	\$ 1,598,204	\$ 2,674,271	\$ 3,770,495
Business-type activities	26,084	49,423	68,761	14,035	83,240	102,084	102,084	106,462	(122,481)	(282,637)
Total district	\$ (674,530)	\$ (286,597)	\$ (8,422,435)	\$ (3,355,839)	\$ (8,244,677)	\$ (6,900,821)	\$ 437,892	\$ 1,704,666	\$ 2,551,790	\$ 3,487,858

Source: ACFR 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.

GASB 84 was implemented in the 2021 fiscal year, which required Unemployment Compensation to be recorded in the general fund and Student Activities and Scholarship activity to be recorded in the special revenue fund.

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

(modified accrual basis of accounting)
Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund					As of June 30,					
Restricted	\$ 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	\$ 7,799,680
Assigned	884,234	465,868	3,281,687	594,228	559,139	814,350	1,804,779	551,785	199,990	357,072
Unassigned	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	2,719,099
Total general fund	\$ 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	\$ 10,875,851
Special Revenue Fund										
Restricted for Student Activities										\$ 530,779
Restricted for Scholarships										41,203
Total special revenue fund										\$ 571,982
All Other Governmental Funds										
Restricted	\$ 627,866	\$ 230,250	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306	\$ 22,066
Total all other governmental funds	\$ 627,866	\$ 230,250	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306	\$ 22,066

Source: ACFR Schedule B-1 and District records.

Note: The District implemented GASB 84 during the fiscal year ended June 30, 2021, which requires the reporting of scholarships and student activity funds in the Special Revenue Fund.

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

(modified accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Local tax levies	\$ 55,524,892	\$ 56,734,233	\$ 58,611,994	\$ 60,397,848	\$ 61,374,822	\$ 62,408,948	\$ 64,622,959	\$ 67,289,113	\$ 68,517,359	\$ 69,925,537
Transportation fees	98,468	117,344	128,015	134,560	132,526	157,648	172,298	171,743	99,496	99,496
Tuition charges	43,900	174,243	238,138	251,032	179,845	165,429	109,908	112,560	354,253	266,954
Interest earned	9,600	8,148	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618
Miscellaneous	62,402	1,419,598	577,470	759,473	813,561	1,137,416	1,000,368	949,903	847,393	885,616
Total local sources	56,300,887	58,453,566	59,561,754	61,546,999	62,505,443	63,913,992	66,052,837	68,694,100	69,983,394	71,139,725
State sources	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	18,142,527
Federal sources	1,036,102	972,228	889,684	927,131	955,119	978,150	918,151	901,459	812,547	1,220,675
Total revenue	63,737,855	67,259,249	67,981,249	71,047,048	73,229,480	75,416,151	78,973,012	83,622,554	85,674,384	90,502,927
Expenditures										
Current	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	32,776,888
Support services	2,386,967	1,922,832	2,393,463	2,437,142	2,614,988	2,207,411	2,599,310	1,859,110	2,216,158	2,001,073
Tuition	58,185	58,734	59,499	62,704	63,922	63,418	61,346	60,957	64,137	70,077
Attendance/social work	586,778	626,641	643,896	646,778	581,817	610,623	644,130	636,780	608,676	622,766
Health services	3,892,517	4,002,657	4,121,873	4,391,402	4,430,431	4,586,694	4,922,020	5,094,958	5,190,889	5,729,712
Other support services	644,573	689,774	684,763	681,907	710,701	768,984	736,096	832,220	781,444	876,871
Improvement of instruction	994,941	933,129	870,424	892,857	872,594	887,674	888,716	895,731	823,061	798,007
Education media library	130,269	189,761	589,223	590,801	635,067	620,128	645,905	734,088	737,407	747,862
Other support: instructional staff	839,785	873,500	940,291	1,097,073	1,014,515	1,012,292	946,483	857,984	967,010	857,145
General administration services	2,676,125	2,683,329	2,775,092	2,768,155	2,796,121	2,808,740	2,908,717	2,791,770	2,819,903	2,854,122
School administration services	682,780	753,992	764,217	765,841	820,190	888,155	906,759	919,954	914,781	978,890
Administrative information technology services	445,972	533,803	515,059	554,949	570,112	569,597	640,308	625,179	749,097	760,647
Required maintenance of plant services	986,919	977,535	1,083,734	1,003,783	1,294,195	468,246	1,035,271	942,738	894,714	1,139,557
Operation and maintenance of plant services	3,709,037	3,830,926	3,711,271	3,448,907	3,349,202	4,143,277	3,416,857	4,054,086	4,007,990	3,890,594
Care and upkeep of grounds	201,217	222,923	198,345	181,119	196,180	222,214	255,715	223,095	253,504	222,256
Security	79,963	59,091	318,926	181,119	280,096	319,620	357,376	409,161	382,106	426,947
Student transportation	2,309,451	2,228,574	2,452,291	2,556,692	2,689,656	2,600,094	2,933,629	3,109,660	2,706,324	2,706,065
Unallocated benefits and On-behalf TPAF Contributions	11,851,211	13,407,010	13,529,741	15,222,766	15,907,047	17,180,349	19,233,273	21,903,781	22,038,390	24,465,793
Special schools	107,902	122,717	172,110	157,266	176,007	173,006	157,722	161,065	187,967	217,928
Charter Schools	10,758	9,821	20,005	157,266	176,007	173,006	157,722	161,065	187,967	217,928
Capital outlay	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	730,364
Debt Service:										
Principal	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	2,444,490
Interest	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	1,470,112
Cost of issuance				202,200		221,666				
Total expenditures	64,023,093	65,299,520	68,071,209	74,084,904	77,506,929	76,094,995	89,664,697	87,215,646	86,261,955	86,847,838
Excess (Deficiency) of revenues over (under) expenditures	(285,238)	1,959,729	(89,960)	(3,037,856)	(4,277,449)	(678,844)	(10,691,685)	(3,593,092)	(587,571)	3,655,089
Other financing sources (uses)										
Refunding bonds issued				28,545,000		15,864,000				
Bonds issued				(32,454,091)	5,390,000					
Payment to bond escrow agent				70,000						
Capital lease issuance				4,024,722						
Equity contribution						157,806				
Premium on bonds issued				(3,451)						
Additional proceeds				328,757						
Transfers in				(362,436)						
Transfers out				(80,738)						
Insurance Recovery Related to Other Costs of Super Storm Sandy				(362,436)						
Total other financing sources (uses)				202,200	5,390,000	16,021,806				
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(285,238)	1,981,127	(89,960)	(2,835,656)	1,112,551	15,342,962	(10,691,685)	(3,593,092)	(587,571)	3,655,089
Fund balance July 1	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	7,814,810
Fund balance June 30	\$ 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	\$ 11,469,899
Debt service as a percentage of noncapital expenditures	5.10%	4.54%	4.12%	3.67%	3.75%	4.20%	4.63%	4.73%	4.74%	4.55%

Source: District records
Note: Noncapital expenditures are total expenditures less capital outlay and debt service.
Note: The District implemented GASB 84 in FY 2021. The July 1, 2020 fund balance was retrospectively adjusted to reflect implementation.

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

(modified accrual basis of accounting)
 Unaudited

Year Ended June 30,	Tuition	Interest on Investments	Rentals	Prior Year Refunds	Miscellaneous	Energy Savings Rebates	Legal Settlement	Transportation Fees	Annual Totals
2012	\$ 43,900	\$ 9,600	\$ 107,585	\$ 52,122	\$ 257,317		\$ 721,000	\$ 98,468	\$ 568,992
2013	174,243	8,148	63,439	63,899	235,757			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
2021	266,954	59,868		125,904	280,571				733,297

Source: District records

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

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Public Utilities ^a	Total Assessed Value	Less: Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate _b
Borough of Chatham													
2012	\$ 12,657,900	\$ 1,774,652,000	None	200	\$ 206,826,100	\$ 21,593,300	\$ 39,173,700	\$ 1,417,502	\$ 2,056,520,502	\$ 145,518,900	\$ 1,911,001,602	\$ 2,695,097,439	\$ 1,145
2013	9,896,600	1,779,581,700	None	200	204,939,400	21,593,300	39,173,700	1,358,273	2,056,543,173	142,061,700	1,914,481,473	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	2,057,899,579	141,637,300	1,916,262,279	2,273,787,397	1,200
2015	9,345,000	1,786,006,100	None	200	204,564,400	21,593,300	39,173,700	1,173,177	2,061,855,877	141,860,200	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	1,140,307	2,074,088,607	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	1,256
2018	8,345,800	1,814,236,100	None	200	200,032,100	21,482,700	38,946,200	1,089,920	2,094,133,020	143,339,600	1,940,793,420	2,688,838,389	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	2,097,046,337	142,036,400	1,955,011,937	2,518,525,343	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	2,634,053,912	1,351
2021	9,359,900	1,855,486	None	1,600	199,472,100	21,482,700	38,952,400	1,111,976	2,125,865,076	140,274,300	1,985,590,776	2,577,388,228	1,365
Township of Chatham													
2012	\$ 27,977,300	\$ 2,754,348,700	\$ 13,868,900	230,300	\$ 120,292,100	\$ 13,725,100	\$ 51,000,000	\$ 1,599,125	\$ 2,983,041,525	\$ 177,150,400	\$ 2,805,891,125	\$ 3,213,107,447	1,071
2013	24,266,400	2,792,025,700	9,623,300	163,700	120,198,900	13,725,100	51,000,000	*	3,011,003,100	*	*	3,242,032,506	*
2014	17,697,800	2,830,794,100	10,070,500	171,200	120,623,800	13,725,100	51,000,000	*	3,044,082,500	*	*	*	*
2015	21,646,700	2,865,962,000	10,070,500	171,200	120,375,700	1,285,800	51,315,000	*	3,070,828,900	*	*	*	*
2016	22,256,100	2,896,911,700	10,659,500	175,700	120,444,400	1,285,800	51,360,000	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	51,390,000	1,280,785	3,145,668,685	192,949,600	2,952,719,085	3,513,441,057	1,196
2018	15,081,200	2,891,085,700	10,827,000	175,700	120,530,400	1,285,800	51,695,000	1,512,738	3,192,199,538	192,949,600	2,999,249,938	3,614,280,471	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	3,579,717,036	1,237
2020	14,495,300	3,059,006,700	11,040,500	175,700	122,377,100	1,285,800	51,710,000	1,688,531	3,261,779,631	196,002,500	3,065,777,131	3,686,534,041	1,250
2021	14,825,700	3,099,479,000	7,767,000	102,000	121,671,700	1,285,800	51,725,000	1,703,470	3,298,559,670	197,000,800	3,101,557,870	3,724,253,675	1,262

Source: Table of Aggregates
Note:

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

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

^c 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 ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipality	Morris County	
Borough of Chatham						
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	1.29	0.06	1.35	0.44	0.33	2.12
2021	1.30	0.06	1.37	0.46	0.32	2.14
Township of Chatham						
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	0.43	0.34	2.01
2020	1.19	0.06	1.25	0.35	0.30	1.89
2021	1.20	0.06	1.26	0.37	0.30	1.93

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

		2021		2012	
		Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Chatham Borough					
KRE 500 Manila Associates/Seaview, LLC		\$ 11,794,800	0.55%	\$ 14,025,700	0.68%
26 Main Street Chatham LLC		10,600,000	0.50%	12,500,000	0.61%
MHP Chatham Portfolio LLC (USPF Chatham)		10,004,500	0.47%	11,794,800	0.57%
One Main Street Associates		9,091,700	0.43%	10,004,500	0.49%
Town Square Partners		7,854,000	0.37%	7,310,000	0.36%
Chatham Project, LLC		7,310,000	0.34%	6,884,600	0.33%
Levin Properties, LP		7,194,500	0.34%	6,610,600	0.32%
Foresome Group		6,613,600	0.31%	5,734,000	0.28%
Weill, Maurice M Trustee		4,127,500	0.19%	4,530,500	0.22%
Jackson House Apartments, LLC		3,800,000	0.18%	4,000,000	0.19%
Total		<u>\$ 78,390,600</u>	<u>3.69%</u>	<u>\$ 83,394,700</u>	<u>4.06%</u>
Township of Chatham					
Chatham Holder LLC		\$ 41,725,000	1.26%	\$ 41,000,000	1.37%
Hickory Square Associates LP		22,360,000	0.68%	22,360,000	0.75%
Fairmount Country Club		22,026,400	0.67%	18,012,500	0.60%
Texas Eastern Transmission Corp.		14,936,500	0.45%	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	0.30%	10,198,800	0.34%
Juniper Assisted Living Residence		9,666,000	0.29%	10,000,000	0.34%
Toll NJ I LLC		9,000,000	0.27%	9,666,000	0.32%
Chatham Hills Realty LLC-Careite		7,602,000	0.23%	7,466,000	0.25%
Chatham Mall Assoc LLC		6,000,000	0.18%	7,116,200	0.24%
Total		<u>\$ 153,514,700</u>	<u>4.65%</u>	<u>\$ 152,828,500</u>	<u>5.12%</u>
Chatham Borough					
Normandy Chatham, LLC					
One Main Street Associates					
S/K Chatham Associates					
J. Apgar					
Chatham Project, LLC					
Levin Properties, LP					
Foresome Group					
Town Square Partners					
Hickory Tree Properties					
Jackson House Apartments					
Total					
Township of Chatham					
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					
Hanks and Condon, LLC					
Chatham Mall Assoc, LLC					
Total					

Source: District ACFR & Municipal Tax Assessor.

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

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year - School District of the Chatham	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2021	69,925,537	69,925,537	100.00%	-

Year Ended December 31,	Taxes Levied for the Fiscal Year - Borough of Chatham	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	236,066
2018	42,816,719	42,572,823	99.43%	243,897
2019	44,298,645	43,952,345	99.22%	346,300
2020	44,897,406	44,472,100	99.05%	425,307
2021	*	*	*	*

Year Ended December 31,	Taxes Levied for the Fiscal Year - Township of Chatham	Collected within the Fiscal Year of the Levy ^a		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%	833,046
2018	59,025,448	58,565,473	99.22%	459,976
2019	60,193,989	59,806,190	99.36%	387,800
2020	62,306,296	62,045,156	99.58%	261,141
2021	*	*	*	*

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 ^a	Per Capita Income ^a
	General Obligation Bonds	Capital Leases			
2012	\$ 35,535,000	\$ 157,152	\$ 35,692,152	0.22%	\$ 79,775
2013	34,325,000	-	34,325,000	0.24%	80,815
2014	33,055,000	-	33,055,000	0.25%	84,278
2015	29,325,000	-	29,325,000	0.30%	88,335
2016	27,835,000	5,390,000	33,225,000	0.27%	91,148
2017	42,414,000	4,949,609	47,363,609	0.20%	93,633
2018	41,089,000	4,363,146	45,452,146	0.22%	97,819
2019	39,119,000	4,108,656	43,227,656	0.24%	101,646
2020	37,075,000	3,821,208	40,896,208	**	**
2021	34,915,000	3,536,718	38,451,718	**	**

Source: District ACFR 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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Energy Lease	Deductions			
2012	\$ 35,535,000			\$ 35,535,000	1.86%	\$ 79,775
2013	34,325,000		\$ 77,646	34,247,354	1.79%	80,815
2014	33,055,000		154,034	32,900,966	1.71%	84,278
2015	29,325,000		257,397	29,067,603	1.51%	88,335
2016	27,835,000	\$ 5,390,000	254,225	32,970,775	1.70%	91,148
2017	42,414,000	4,949,609	115,184	47,248,425	2.43%	93,633
2018	41,089,000	4,363,146	168,464	45,283,682	2.32%	97,819
2019	39,119,000	4,108,656	178,486	43,049,170	2.18%	101,646
2020	37,075,000	3,821,208	69,306	40,826,902	2.07%	**
2021	34,915,000	3,536,718	22,066	38,429,652	1.94%	**

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, 2021

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated</u>	<u>Estimated Share</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
School District the Chathams			<u>\$ 38,429,652</u>
Total direct and overlapping debt			<u><u>\$ 38,429,652</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis	
	Chatham Borough	Chatham Township*
2020	\$ 2,577,388,228	\$ 3,724,253,675
2019	2,534,053,912	3,686,534,041
2018	2,518,525,343	3,579,717,036
	<u>\$ 2,465,015,414</u>	<u>\$ 3,513,441,057</u>
	<u>\$ 18,720,472,235</u>	
	<u>\$ 6,240,157,412</u>	
Average equalized valuation of taxable property		
	<u>\$ 249,606,296</u> a	
	<u>\$ 38,429,652</u>	
	<u>\$ 211,176,644</u>	
	Legal debt margin	

Year ended June 30:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 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	\$ 249,606,296
Total net debt applicable to limit	<u>35,535,000</u>	<u>34,325,000</u>	<u>33,055,000</u>	<u>29,087,603</u>	<u>32,970,775</u>	<u>47,248,425</u>	<u>45,283,682</u>	<u>37,769,000</u>	<u>40,826,902</u>	<u>38,429,652</u>
Legal debt margin	<u>\$ 185,359,986</u>	<u>\$ 190,853,266</u>	<u>\$ 193,039,287</u>	<u>\$ 197,059,258</u>	<u>\$ 195,730,151</u>	<u>\$ 186,621,975</u>	<u>\$ 191,159,130</u>	<u>\$ 203,764,977</u>	<u>\$ 209,139,018</u>	<u>\$ 211,176,644</u>
Total net debt applicable to the limit as a percentage of debt limit	16.09%	15.24%	14.62%	12.85%	14.42%	20.20%	19.15%	15.64%	16.33%	15.40%

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

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

* Information was not available for 2018.

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

Unaudited

Year	Population ^a	Personal Income ^d	Per Capita	Unemployment
Borough of Chatham				
2012	9,007	\$ 718,533,425	\$ 79,775	5.30%
2013	9,006	727,819,890	80,815	2.90%
2014	8,975	756,395,050	84,278	3.70%
2015	8,933	789,096,555	88,335	3.30%
2016	8,896	810,852,608	91,148	3.30%
2017	8,827	826,498,491	93,633	2.80%
2018	8,746	855,524,974	97,819	2.50%
2019	8,631	877,306,626	101,646	2.00%
2020	8,601	**	**	5.00%
2021	*	**	**	**
Township of Chatham				
2012	10,470	\$ 835,244,250	\$ 79,775	2.90%
2013	10,505	848,961,575	80,815	3.00%
2014	10,476	882,896,328	84,278	5.20%
2015	10,433	921,599,055	88,335	4.00%
2016	10,363	944,566,724	91,148	3.40%
2017	10,309	965,262,597	93,633	3.10%
2018	10,258	1,003,427,302	97,819	2.80%
2019	10,107	1,027,336,122	101,646	2.30%
2020	10,107	**	**	5.60%
2021	*	**	**	**

Source:

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

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

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

US Bureau of Economic Analysis, November 2020.

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

** This information is not available from State.

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

Unaudited

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Percentage of</u>
TOWNSHIP OF CHATHAM	59	*	57	*
BOROUGH OF CHATHAM	52	43.70%	51	44.74%

* This information not available for the District.

** Full time employees

*** Includes 50 Full Time and 65 Part Time Employees

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

Unaudited

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	280.00	286.00	292.90	292.90	299.90	302.40	315.50	322.41	333.00	330.70
Special Education	89.30	95.30	120.30	127.80	133.90	135.40	141.20	144.29	149.03	148.00
Support Services										
Student & instruction related services	34.10	36.60	30.40	30.40	30.40	31.40	32.80	33.52	34.62	34.40
General administrative services	9.40	10.40	5.00	5.00	5.00	6.00	6.10	6.23	6.43	6.40
School administrative services	28.50	28.50	35.70	35.70	35.70	35.70	37.20	38.01	39.26	39.00
Business administrative services	8.00	8.00	8.00	8.00	8.00	8.00	8.40	8.58	8.86	8.80
Plant operation & maintenance	42.90	42.90	44.00	45.00	45.00	45.00	47.20	48.23	49.80	49.50
Pupil transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	493.20	508.70	537.30	545.80	558.90	564.90	589.40	602.27	622.00	617.80

Source: District Personnel Records
and 2021 budget support document.

Operating Statistics
Last Ten Fiscal Years

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	4 Elementary Schools	1 Middle School	1 High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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	3,999	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	7.06%	361.10	12.0:1	11.4:1	11.4:1	4,112	3,953	-1.25%	96.13%
2020	4,121	78,066,324	18,944	1.01%	355.00	12.4:1	11.0:1	10.9:1	4,041	3,936	-1.68%	97.40%
2021	3,900	82,202,872	21,078	19.75%	351.10	10.0:1	12.3:1	14.5:1	3,891	3,811	-3.60%	97.94%

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 Chatham
 School Building Information
 Last Ten Fiscal Years

Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
Elementary										
Milton Avenue School (1948)										
Square Feet	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,184	42,184	42,184
Capacity (students)	336	336	336	336	336	336	336	477	477	477
Enrollment	371	389	370	364	356	356	291	274	282	284
Southern Boulevard School (1928)										
Square Feet	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890	76,890
Capacity (students)	615	615	615	615	615	615	615	615	615	615
Enrollment	491	463	452	456	464	464	499	468	434	414
Washington Avenue School (1952)										
Square Feet	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Capacity (students)	497	497	497	497	497	497	497	497	497	497
Enrollment	448	444	457	433	428	397	377	349	328	314
Lafayette Avenue School (1954)										
Square Feet	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690	72,690
Capacity (students)	582	582	582	582	582	582	582	582	582	582
Enrollment	635	695	709	680	652	691	696	679	659	592
Middle School										
Chatham Middle School (1957)										
Square Feet	191,720	191,720	191,720	191,720	191,720	191,720	178,170	178,170	178,170	178,170
Capacity (students)	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431
Enrollment	962	961	941	991	1,054	1,086	1,037	1,036	995	984
High School										
Chatham High School (1962)										
Square Feet	237,730	237,730	237,730	237,730	237,730	243,790	237,730	243,790	243,790	243,790
Capacity (students)	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574
Enrollment	1,146	1,157	1,201	1,188	1,198	1,239	1,272	1,310	1,341	1,312

Number of Schools at June 30, 2021
 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
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	359,995	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
2021	546,139	399,137	162,841	139,117	172,249	94,501	1,513,984
Grand Total School Facilities	\$ 6,882,851	\$ 4,834,525	\$ 2,154,762	\$ 1,480,385	\$ 2,019,920	\$ 1,434,567	\$ 18,807,010

* 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, 2021

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - Utica		
Property - Blanket, building and contents	\$ 194,508,767	\$ 2,500
Property - Equipment Breakdown	194,508,767	2,500
Business Income	Actual Loss Sustained	
Commercial General Liability	3,000,000 (aggregate)	
Electronic Data Processing	2,500,000	1,000
Earthquake	1,000,000	25,000
Flood	1,015,000	25,000
Employee Benefits	1,000,000	1,000
Employee Benefits	3,000,000 (aggregate)	
Abuse or Molestation	1,000,000	
Abuse or Molestation	3,000,000 (aggregate)	
Employment Related Practices	1,000,000	5,000
Employment Related Practices	1,000,000 (aggregate)	
Cyber Liability	1,000,000 (aggregate)	10,000
Leased Property - Utica	100,000	500
Commercial Automotive Liability - Utica	1,000,000	1,000
Workers Compensation - NJSIG	3,000,000	
Pollution - Commerce & Industry Ins. Beazley	1,000,000	10,000
Umbrella Excess Liability - Utica	20,000,000	10,000
Crime - Utica		
Employee Theft	400,000	500
Forgery / Fraud	100,000	500
Computer Fraud	100,000	500
Inside the Premises - Theft of Money & Securities	25,000	500
Outside the Premises - Theft of Money & Securities	25,000	500
School District and Educators Legal Liability - Utica	1,000,000 3,000,000 (aggregate)	7,500
CAP	25,000,000	
Excess Liability - Evanston	5,000,000	
Student Accident- Bollinger & Zurich		
Maximum Benefit	6,000,000	
Public Officials Bonds		
Treasurer of School Monies - Selective Insurance	350,000	
Business Administrator - Selective Insurance	300,000	
Assistant Business Administrator - Selective Insurance	150,000	

Source: District Records and Insurance Company.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2022.

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

February 24, 2022
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, 2021. 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, 2021.

Report on Internal Control Over Compliance

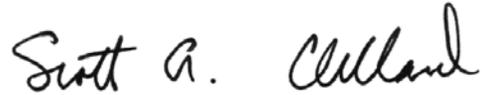
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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

February 24, 2022
Florham Park, New Jersey

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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	Grant Period To	Balance July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Balance June 30, 2021 Unearned Revenue	Due to Grantor
Enterprise Fund:															
U.S. Department of Agriculture Passed - Through State Department of Agriculture:															
Child Nutrition Program Cluster:															
Food Donation Program (NC)	10.555	211NJ304N1099	N/A	\$ 38,942	7/1/2020	6/30/2021			\$ 12,727	\$ 8,816				\$ 3,911	
National School Lunch Program	10.555	201NJ304N1099	N/A	19,888	7/1/2019	6/30/2020	\$ 4,151		4,151	4,151					
National School Lunch Program	10.555	211NJ304N1099	N/A	6,061	7/1/2020	6/30/2021			3,542	3,892			\$ (350)		
Federal PB Lunch - Healthy Hungry-Free Kids Act of 2010	10.555	201NJ304N1099	N/A	31,562	7/1/2019	6/30/2020	(988)		989						
Federal PB Lunch - Healthy Hungry-Free Kids Act of 2010	10.555	211NJ304N1099	N/A	246	7/1/2020	6/30/2021			1,406	1,421				(15)	
Total U.S. Department of Agriculture Passed - Through State Department of Agriculture and Child Nutrition Program Cluster				4,217	7/1/2019	6/30/2020	(20)		20					(365)	3,911
							3,142		18,684	18,280				(365)	3,911
Special Revenue Fund:															
U.S. Department of Education Passed - Through State Department of Education:															
E.S.E.A. Title II A															
E.S.E.A. Title II A	84.367A	S367A200029	N/A	37,693	7/1/2020	9/30/2021			25,043	37,548			(12,505)		
E.S.E.A. Title II A	84.367A	S367A190029	N/A	39,100	7/1/2019	9/30/2020	(12,448)		12,448						
COVID-19 CARES Act Education Stabilization Fund	84.425D	S425D210027	N/A	78,259	3/13/2020	9/30/2023			72,792	78,259			(5,467)		
COVID-19 CRRSA Act - ESSER II	84.425D	S425D210027	N/A	401,209	3/13/2020	9/30/2023			82,897	82,897			(82,897)		
COVID-19 CRRSA Act - Learning Acceleration	84.425D	S425D210027	N/A	25,000	3/13/2020	9/30/2023			7,420	7,420			(7,420)		
COVID-19 CRRSA Act - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023			13,605	13,605			(13,605)		
Special Education Cluster:															
I.D.E.A. Part B, Basic	84.027A	H027A200100	N/A	944,602	7/1/2020	9/30/2021			764,942	905,398			(140,456)		
I.D.E.A. Part B, Basic	84.027A	H027A190100	N/A	828,018	7/1/2019	9/30/2020	(36,086)		36,086						
I.D.E.A. Preschool	84.173	H173A200114	N/A	49,971	7/1/2020	9/30/2021			5,756	24,969			(19,113)		
I.D.E.A. Preschool	84.173	H173A190114	N/A	49,404	7/1/2019	9/30/2020			24,368				(24,368)		
Subtotal of Special Education Cluster							(36,086)		806,794	954,635			(183,937)		
							(48,534)		917,067	1,174,364			(305,831)		
Subtotal of US Department of Education Passed - Through State Department of Education:															
U.S. Department of Treasury Passed - Through State Department of Education:															
COVID-19 Digital Divide Discretionary Grant	21.019	S425D200027	21E00074	28,000	7/16/2020	10/31/2020			28,000	28,000					
COVID-19 Coronavirus Relief Fund (CRF)	21.019	S377A130031	N/A	106,751	7/16/2020	10/31/2020			106,751	106,751					
COVID-19 NP Digital Divide: CRF Technology Institutional	21.019	S377A130031	N/A	13,398	7/16/2020	10/31/2020			13,218	13,218					
Total U.S. Department of Treasury Passed - Through State Department of Education:							(48,534)		147,969	147,969			(306,831)		
Total Special Revenue Fund							(48,534)		1,065,036	1,322,333			(306,831)		
General Fund:															
U.S. Department of Health and Human Services - Passed Through State Department of Education:															
Medicaid Assistance Program (SEMI)	93.778	2006NJ5MAP	N/A	1,068	7/1/2020	6/30/2021			1,068	1,068					
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education									1,068	1,068					
Total expenditures of Federal Awards							\$ (45,392)	\$ -	\$ 1,084,788	\$ 1,341,681	\$ -	\$ -	\$ (306,196)	\$ 3,911	\$ -

NC - Non-cash expenditures

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Award Amount	Balance July 1, 2020	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2021			MEMO Cumulative Total Expenditures
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	
State Department of Education:												
General Fund:												
Categorical Special Education Aid	495-034-5120-089	7/1/2020	6/30/2021	\$ 2,259,157		\$ 2,042,835	\$ 2,259,157			\$ (216,322)	\$ 2,259,157	
Categorical Special Education Aid	495-034-5120-089	7/1/2019	6/30/2020	2,116,013	(203,132)	203,132				(69,322)	723,961	
Transportation Aid	495-034-5120-014	7/1/2020	6/30/2021	723,961		654,639	723,961			(15,313)	159,916	
Transportation Aid	495-034-5120-014	7/1/2019	6/30/2020	723,961	(69,499)	69,499					581,491	
Security Aid	495-034-5120-084	7/1/2020	6/30/2021	159,916	(15,352)	15,352	159,916					
Security Aid	495-034-5120-084	7/1/2019	6/30/2020	159,916								
Extraordinary Aid	100-034-5120-473	7/1/2020	6/30/2021	384,195	(384,195)	384,195	581,491					
Extraordinary Aid	100-034-5120-473	7/1/2019	6/30/2020	384,195								
Non-Public School Transportation Aid	495-034-5120-014	7/1/2020	6/30/2021	22,436	(22,436)	22,436	82,697					
Non-Public School Transportation Aid	495-034-5120-014	7/1/2019	6/30/2020	22,436								
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/2020	6/30/2021	8,661,038		8,661,038	8,661,038					
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/2020	6/30/2021	2,714,234		2,714,234	2,714,234					
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	495-034-5094-001	7/1/2020	6/30/2021	5,559		5,559	5,559					
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-004	7/1/2020	6/30/2021	2,343,129		2,111,687	2,343,128					
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-003	7/1/2020	6/30/2021	2,314,587	(230,422)	230,422				(231,441)		
Reimbursed TPAF Social Security Contribution	495-034-5094-003	7/1/2019	6/30/2020	2,314,587	(925,036)	17,259,631	17,531,181			(300,957)	17,531,181	
Total State Department of Education:												
Schools Development Authority	20E00395	4/1/2021	3/31/2023	234,432			234,432				234,432	
Schools Security Grant (Alyssa's Law)							234,432				234,432	
Total School Development Authority												
Total General Fund					(925,036)	17,259,631	17,765,613			(300,957)	17,765,613	
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	100-034-5120-064	7/1/2020	6/30/2021	18,816		18,816	15,898				15,898	
Auxiliary Services:												
Compensatory Education	100-034-5120-067	7/1/2020	6/30/2021	8,709		8,709	8,386				8,386	
Compensatory Education	100-034-5120-067	7/1/2019	6/30/2020	8,923	730	892		\$ 1,622				
Handicapped Services:												
Examination and Classification	100-034-5120-066	7/1/2020	6/30/2021	31,031		31,031	31,031				31,031	
Examination and Classification	100-034-5120-066	7/1/2019	6/30/2020	33,623	(3,200)	8,770		5,570				
Examination and Classification	100-034-5120-066	7/1/2020	6/30/2021	11,575		11,575	10,025				10,025	
Examination and Classification	100-034-5120-066	7/1/2019	6/30/2020	11,484	1,367			1,367		1,550		
Corrective Speech	100-034-5120-066	7/1/2020	6/30/2021	26,713		26,713	25,985				25,985	
Corrective Speech	100-034-5120-066	7/1/2019	6/30/2020	22,342	1,295			1,295				
Supplementary Instruction	100-034-5120-066	7/1/2020	6/30/2021	53,900		53,900	43,928				43,928	
Supplementary Instruction	100-034-5120-066	7/1/2019	6/30/2020	53,900								
Security Aid	100-034-5120-509	7/1/2020	6/30/2021	31,416		191,822	166,669				31,416	
Security Aid	100-034-5120-509	7/1/2019	6/30/2020	31,416								
Nursing Services					192							
Total Special Revenue Fund												
Debt Service Fund:												
Debt Service Aid	495-034-5120-075	7/1/2020	6/30/2021	223,219		223,219	223,219				223,219	
Debt Service Aid	495-034-5120-075	7/1/2019	6/30/2020	223,219		223,219	223,219				223,219	
Total Debt Service Fund												
Enterprise Fund:												
State School Lunch Program	100-010-3350-023	7/1/2020	6/30/2021	1,560		1,505	1,560				1,560	
State School Lunch Program	100-010-3350-023	7/1/2019	6/30/2020	3,026	(16)	16				(65)		
Total Enterprise Fund												
Total Enterprise Fund												
Total All Funds / Total Expenditures of State Financial Assistance					(924,860)	\$ 17,676,193	\$ 18,157,061	\$ 9,854	\$ (1,130,116)	\$ 15,491	\$ (300,957)	\$ 18,157,061
State Financial Assistance Not Subject to Single Audit Determination:												
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/2020	6/30/2021	8,661,038		8,661,038	8,661,038				8,661,038	
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-001	7/1/2020	6/30/2021	2,714,234		2,714,234	2,714,234				2,714,234	
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-004	7/1/2020	6/30/2021	5,559		5,559	5,559				5,559	
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-004	7/1/2020	6/30/2021	5,559		5,559	5,559				5,559	
Total State Financial Assistance Subject to Single Audit Determination					(924,860)	\$ 6,295,362	\$ 6,776,230	\$ 9,854	\$ (1,130,116)	\$ 15,491	\$ (300,957)	\$ 6,776,230

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

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

Year ended June 30, 2021

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, 2021. 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, 2021

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 \$12,974 for the general fund and \$91,004 for the special revenue fund. The net adjustment to 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,068	\$ 17,752,639	\$ 17,753,707
Special Revenue Fund	1,219,607	166,669	1,386,276
Debt Service Fund		223,219	223,219
Food Service Enterprise Fund	18,280	1,560	19,840
Total financial award revenues	<u>\$ 1,238,955</u>	<u>\$ 18,144,087</u>	<u>\$ 19,383,042</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$102,726 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

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, 2021

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, 2021. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2021 amounted to \$11,380,831. 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, 2021

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: Unmodified

Internal control over financial reporting:

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

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

Is any noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major federal programs:

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

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

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes ✓ No

Identification of major federal programs:

<u>AL Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	H027A200100 / H173A200114	IDEA Part B, Basic and Preschool (Special Education Cluster)

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, 2021

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:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF Social Security Tax
20E00395	School Security Grant (Alyssa's Law)

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, 2021

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, 2021

**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, 2021

No prior year findings were noted.