

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, 2022*

School District of the Chathams

Chatham, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Prepared by

Business Office

School District of the Chathams

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INTRODUCTORY SECTION



School District of the Chathams

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Chatham, NJ 07928
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973-457-2481 FAX

Peter Daquila
Business Administrator/
Board Secretary

March 17, 2023

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, 2022, 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 2021/2022 fiscal year with an average daily enrollment of 3,764 students, which is a decrease of 127 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>
2021/2022	3,764	(3.1)%
2020/2021	3,891	(3.6)%
2019/2020	4,041	(1.7)%
2018/2019	4,112	(1.3)%
2017/2018	4,164	(1.2)%

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, 2022.

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, 2022, 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 PKF O'Connor Davies 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,



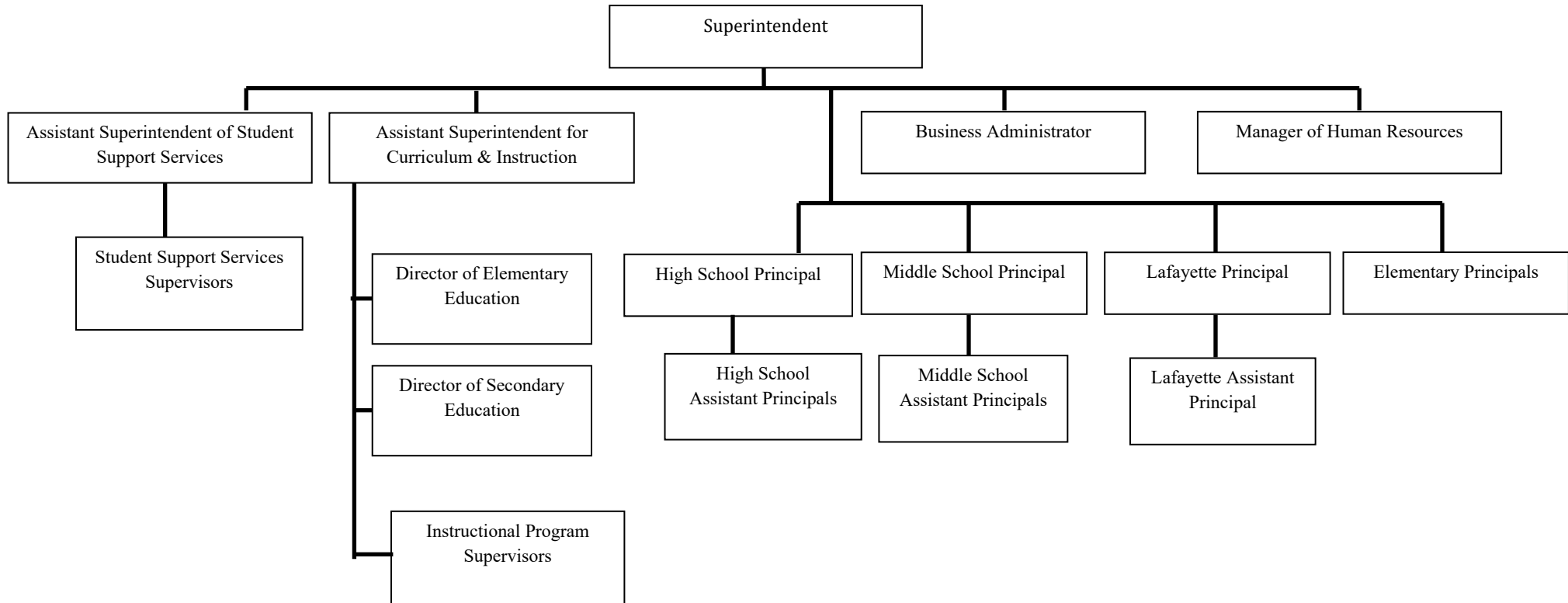
Dr. Michael LaSusa
Superintendent



Peter Daquila
Business Administrator/Board Secretary

SCHOOL DISTRICT
OF THE CHATHAMS

Organization Chart



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

Roster of Officials

June 30, 2022

Members of the Board of Education

Jill Critchley Weber, President	2023
Ann Ciccarelli, Vice President	2024
Michelle Clark	2024
Christopher Delsandro	2022
Lata Kenney	2024
Susan Ross	2022
Michael Ryan	2023
Bradley Smith	2023
Yinglu Zhang	2022

Other Officers

Dr. Michael LaSusa, Superintendent of Schools

Peter Daquila, RSBA, Business Administrator/Board Secretary

Tatiana Gilbert, Assistant Business Administrator/Assistant Board Secretary

John Csatlos, Treasurer of School Monies

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

Consultants, Independent Auditor and Advisors

June 30, 2022

Architects

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Independent Auditor

PKF O'Connor Davies, LLP
20 Commerce Drive
Cranford, NJ 07016

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**

Report on the Audit of the Financial Statements

Opinions

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 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Policy

We draw attention to Note 18 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Annual Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 17, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

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, 2022

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, 2022. 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 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 Schedules A-1 and A-2 of this report.

Fund financial statement 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. 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 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 Schedules B-1, B-2 and B-3 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 Schedules B-4, B-5, and B-6 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 immediately following the basic financial statements 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 immediately following the notes to the basic financial statements of this report.

Financial Highlights

Key financial highlights for the 2021-2022 fiscal year include the following:

- The State withheld the June fiscal year state aid payments until July 2022.
- The District made a deposit to its capital reserve in the amount of \$1,725,000.
- The final approved extraordinary aid awarded to the District for 2021-2022 exceeded the amount budgeted for by the District by \$632,216.

- The District records the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2022 and 2021 was \$8,586,089 and \$11,984,647, respectively. This resulted in the unrestricted net position being reduced during the year resulting in an unrestricted deficit in the government-wide financial statements of \$10,502,278 and \$14,016,027 as of June 30, 2022 and 2021, 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 \$9,353,959 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 \$43,196,447 as of June 30, 2022. The following table provides a summary of net position as of June 30, 2022 and 2021 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Current and other assets	\$ 13,289,574	\$ 13,149,058	\$ 54,110	\$ 10,409	\$ 13,343,684	\$ 13,159,467
Capital Assets, net	83,980,595	84,467,133	483,092	416,155	84,463,687	84,883,288
Total Assets	<u>97,270,169</u>	<u>97,616,191</u>	<u>537,202</u>	<u>426,564</u>	<u>97,807,371</u>	<u>98,042,755</u>
Deferred outflows of resources	<u>2,255,312</u>	<u>3,397,043</u>			<u>2,255,312</u>	<u>3,397,043</u>
Current and other liabilities	6,377,259	5,987,140	203,400	112,295	6,580,659	6,099,435
Net pension liability	8,586,089	11,984,647			8,586,089	11,984,647
Long-term liabilities	35,988,942	38,554,573			35,988,942	38,554,573
Total Liabilities	<u>50,952,290</u>	<u>56,526,360</u>	<u>203,400</u>	<u>112,295</u>	<u>51,155,690</u>	<u>56,638,655</u>
Deferred inflow of resources	<u>5,710,546</u>	<u>5,289,301</u>			<u>5,710,546</u>	<u>5,289,301</u>
Net Position:						
Net investment in capital assets	46,525,707	44,740,052	483,092	416,155	47,008,799	45,156,207
Restricted	6,689,926	8,371,662			6,689,926	8,371,662
Unrestricted (deficit)	<u>(10,352,988)</u>	<u>(13,914,141)</u>	<u>(149,290)</u>	<u>(101,886)</u>	<u>(10,502,278)</u>	<u>(14,016,027)</u>
Total Net Position	<u>\$ 42,862,645</u>	<u>\$ 39,197,573</u>	<u>\$ 333,802</u>	<u>\$ 314,269</u>	<u>\$ 43,196,447</u>	<u>\$ 39,511,842</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 \$3,684,605 during the current fiscal year, due to 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 to the results of current year operations.

Capital assets, net, decreased due to depreciation expense exceeding capital assets additions, and due to the implementation of GASB 87, which required the addition of right to use assets as capital assets.

Long-term liabilities increased mainly due to the scheduled payment of principal on debt, net of the increase due to the addition of capital leases due to the implementation of GASB 87.

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, 2022 and 2021, are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,338,799	\$ 512,687	\$ 692,338	\$ 86,047	\$ 2,031,137	\$ 598,734
Operating Grants and Contributions	2,042,800	1,518,434	761,744	19,840	2,804,544	1,538,274
Capital Grants and Contributions	191,351	101,250	95,544		286,895	101,250
General Revenue:						
Property Taxes	71,239,021	69,925,537			71,239,021	69,925,537
Federal and State Aid	20,269,090	27,096,942			20,269,090	27,096,942
Earnings on Investments	38,796	61,618			38,796	61,618
Miscellaneous	483,531	406,475			483,531	406,475
Total Revenue	<u>95,603,388</u>	<u>99,622,943</u>	<u>1,549,626</u>	<u>105,887</u>	<u>97,153,014</u>	<u>99,728,830</u>
Expenses:						
Instruction	55,397,080	58,723,189			55,397,080	58,723,189
Support Services	13,903,874	15,048,943			13,903,874	15,048,943
Administration and Business	8,786,185	9,370,922			8,786,185	9,370,922
Maintenance and Operations	8,590,334	8,249,568			8,590,334	8,249,568
Transportation	3,687,711	2,723,742			3,687,711	2,723,742
Special Schools	401,287	391,966			401,287	391,966
Charter Schools	31,574	28,424			31,574	28,424
Interest on long-term liabilities	1,140,271	1,315,694			1,140,271	1,315,694
Business Type Activities			1,530,093	388,524	1,530,093	388,524
Total Expenses	<u>91,938,316</u>	<u>95,852,448</u>	<u>1,530,093</u>	<u>388,524</u>	<u>93,468,409</u>	<u>96,240,972</u>
Change in Net Position	3,665,072	3,770,495	19,533	(282,637)	3,684,605	3,487,858
Net position - beginning	39,197,573	35,427,078	314,269	596,906	39,511,842	36,023,984
Net position - ending	<u>\$ 42,862,645</u>	<u>\$ 39,197,573</u>	<u>\$ 333,802</u>	<u>\$ 314,269</u>	<u>\$ 43,196,447</u>	<u>\$ 39,511,842</u>

Revenue Sources. The District's total revenue for the 2021-2022 school year was \$97,153,014. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$71,239,021 of the total, or 72.36 percent.

Another 20.87 percent came from federal and state aid not restricted for specific programs, 2.94 percent from operating and capital grants and contributions, 1.97 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 2020-2021 to 2021-2022 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 \$3,348,366, while the total fund balance was \$10,799,802. The net change in total fund balance for the General Fund was a decrease of \$76,049, which can be attributed to continued fiscally conservative operations.

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. 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 \$1,750, 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. \$1,750 has been designated for use in the 2022-2023 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, 2022, and the increases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2021</u>	<u>Percent of Increase</u>
Local Sources	\$ 73,361,179	74.69%	\$ 2,223,204	3.13%
State Sources	22,948,013	23.37%	4,805,486	26.49%
Federal Sources	1,905,869	1.94%	685,194	50.23%
	<u>\$ 98,215,061</u>	<u>100.00%</u>	<u>\$ 7,713,884</u>	<u>8.52%</u>

The increase in local sources is mainly attributable to increases in the tax levy of \$1,256,151, and increased tuition revenue of \$478,196.

The increase of \$4,805,486 or 27.04% of State sources in 2021-2022 is mainly the result of a \$4,024,595 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District, a \$619,384 increase in categorical special education aid, and a \$400,725 increase in extraordinary aid offset by the decrease related to the school security grant received in the prior year.

The increase of \$685,194 or 50.23% of Federal sources in 2021-2022 can be primarily attributed to the increase in FEMA revenue in the amount of \$111,033, ESSER III grant revenue in the amount of \$363,811, and IDEA American Rescue plan revenue in the amount of \$199,030.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2022 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2021</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 34,278,428	34.88%	\$ 1,501,540	4.58%
Undistributed	56,769,886	57.78%	7,590,254	15.43%
Special Schools	263,033	0.27%	16,681	6.77%
Capital Outlay	3,339,289	3.40%	2,608,925	(51.20%)
Contribution to Charter Schools	31,574	0.03%		100.00%
Debt Service				
Principal	2,280,000	2.32%	(164,490)	-6.73%
Interest	1,296,275	1.32%	(173,837)	(3.69%)
	<u>\$ 98,258,485</u>	<u>100.00%</u>	<u>\$ 11,379,073</u>	<u>(1.25%)</u>

The increase in undistributed expenditures is attributable mostly to an increase in on-behalf contributions of approximately \$4,024,596 expenditures paid for by the State of New Jersey on-behalf of the District.

The increased in capital outlay \$2,608,925 is improvement projects throughout the district such as the CHS/LAF roof replacement and various other improvements and equipment purchases.

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

Business-Type Activities

The net position from the District's business-type activity increased in the 2021-2022 year by \$19,533 due to favorable results of operations as the food service operation resumed in full post-pandemic during the fiscal year.

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 due to 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.

Original Budget vs. Modified Budget - Revenues

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

Original Budget vs. Modified Budget - Expenditures

- The modified budget for facilities acquisition and construction services increased from the original budget by \$332,629 or 11% mainly due to increased construction services costs for necessary repairs.
- The modified budget for pupil transportation increased by \$248,777 or 7% due to a increased costs for transportation services post-pandemic.
- The modified budget for unallocated benefits decreased by \$294,897 or 3% 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.

Budget vs. Actual Revenues

- The actual amounts for extraordinary aid were \$632,216 higher than budgeted due to efforts by the District to recover the increasing costs associated with special education.

Budget vs. Actual - Expenditures

- The actual amounts expended for facilities acquisition and construction services were \$609,890 higher than budgeted due to construction services costs incurred for necessary repairs as mentioned above.

Capital Assets

As of June 30, 2022 and 2021, the District had capital assets, net of accumulated depreciation, of \$84,132,065 and \$84,883,288, respectively, including land, construction in progress, building and building improvements, land improvements and machinery and equipment noted as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	2021-22	2020-21 as restated	2021-22	2020-21	2021-22	2020-21 as restated
Land	\$11,616,511	\$ 11,616,511			\$11,616,511	\$ 11,616,511
Construction in Progress	1,893,860	6,500	\$ 95,544		1,989,404	6,500
Buildings and Building Improvements	65,606,069	67,800,317	262,590	\$ 274,393	65,868,659	68,074,710
Land Improvements	2,879,937	3,116,218			2,879,937	3,116,218
Right to Use - Equipment	331,622	206,107				
Machinery and Equipment	1,652,596	1,927,587	124,958	141,762	1,777,554	2,069,349
Total Capital Assets						
Net of Depreciation	<u>\$83,980,595</u>	<u>\$ 84,673,240</u>	<u>\$ 483,092</u>	<u>\$ 416,155</u>	<u>\$84,132,065</u>	<u>\$ 84,883,288</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, 2022 and 2021 are as follows for the governmental activities:

	June 30,	
	2022	2021 as restated
General Obligation Bonds	\$ 32,635,000	\$ 34,915,000
Premium on Bonds	2,164,452	2,432,251
Financed Purchases Payable	3,292,915	3,536,718
Leases Payable	364,869	206,107
Compensated Absences	599,344	496,518
Sub-total	39,056,580	41,586,594
Net Pension Liability	8,586,089	11,984,647
	<u>\$ 47,642,669</u>	<u>\$ 53,571,241</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 2022-2023 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 2022-2023 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 2023-2024 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 review 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.

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, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,736,668		\$ 11,736,668
Accounts receivable	1,527,903	\$ 64,977	1,592,880
Internal balances	25,003	(25,003)	-
Inventories		14,136	14,136
Capital assets, non-depreciable	13,510,371	95,544	13,605,915
Capital assets, depreciable, net	<u>70,470,224</u>	<u>387,548</u>	<u>70,857,772</u>
Total Assets	<u>97,270,169</u>	<u>537,202</u>	<u>97,807,371</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	1,002,348		1,002,348
Pension deferrals	<u>1,252,964</u>		<u>1,252,964</u>
Total Deferred Outflows of Resources	<u>2,255,312</u>		<u>2,255,312</u>
LIABILITIES			
Accounts payable	1,647,506	129,421	1,776,927
Unemployment claims payable	162,108		162,108
Payroll withholding payable	249,288		249,288
Accrued interest payable	590,522		590,522
Payable to state government	37,616		37,616
Unearned revenue	622,581	73,979	696,560
Noncurrent liabilities:			
Net pension liability	8,586,089		8,586,089
Due within one year	3,067,638		3,067,638
Due beyond one year	<u>35,988,942</u>		<u>35,988,942</u>
Total Liabilities	<u>50,952,290</u>	<u>203,400</u>	<u>51,155,690</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>5,710,546</u>		<u>5,710,546</u>
NET POSITION			
Net investment in capital assets	46,525,707	483,092	47,008,799
Restricted for:			
Capital reserve	5,565,000		5,565,000
Emergency reserve	165,005		165,005
Unemployment compensation	334,998		334,998
Student Activities	579,821		579,821
Scholarships	45,102		45,102
Unrestricted (deficit)	<u>(10,352,988)</u>	<u>(149,290)</u>	<u>(10,502,278)</u>
Total Net Position	<u>\$ 42,862,645</u>	<u>\$ 333,802</u>	<u>\$ 43,196,447</u>

See accompanying notes to the basic financial statements.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Activities
Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental activities:							
Instruction:							
Regular	\$ 38,024,944	\$ 779,020	\$ 779,068	\$ 191,351	\$ (36,275,505)		\$ (36,275,505)
Special education	14,039,975		1,013,766		(13,026,209)		(13,026,209)
Other instruction	3,332,161				(3,332,161)		(3,332,161)
Support services:							
Student and instruction related services	13,903,874	440,651	249,966		(13,213,257)		(13,213,257)
School administration services	2,683,200				(2,683,200)		(2,683,200)
General and business administration services	6,102,985				(6,102,985)		(6,102,985)
Operation and maintenance of plant services	8,590,334				(8,590,334)		(8,590,334)
Pupil transportation	3,687,711	119,128			(3,568,583)		(3,568,583)
Special schools	401,287				(401,287)		(401,287)
Charter Schools	31,574				(31,574)		(31,574)
Interest and other costs on long-term debt	1,140,271				(1,140,271)		(1,140,271)
Total governmental activities	<u>91,938,316</u>	<u>1,338,799</u>	<u>2,042,800</u>	<u>191,351</u>	<u>(88,365,366)</u>		<u>(88,365,366)</u>
Business-type activities:							
Food Service	<u>1,530,093</u>	<u>692,338</u>	<u>761,744</u>	<u>95,544</u>		\$ 19,533	<u>19,533</u>
Total business-type activities	<u>1,530,093</u>	<u>692,338</u>	<u>761,744</u>	<u>95,544</u>	<u>-</u>	<u>19,533</u>	<u>19,533</u>
Total primary government	<u>\$ 93,468,409</u>	<u>\$ 2,031,137</u>	<u>\$ 2,804,544</u>	<u>\$ 286,895</u>	<u>(88,365,366)</u>	<u>19,533</u>	<u>(88,345,833)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					67,913,722		67,913,722
Property taxes, levied for debt service					3,325,299		3,325,299
State aid not restricted					20,158,057		20,158,057
Federal Sources					111,033		111,033
Investment Earnings					38,796		38,796
Miscellaneous Income					483,531		483,531
Total general revenues					<u>92,030,438</u>	<u>-</u>	<u>92,030,438</u>
Change in Net Position					3,665,072	19,533	3,684,605
Net Position—beginning					<u>39,197,573</u>	<u>314,269</u>	<u>39,511,842</u>
Net Position—ending					<u>\$ 42,862,645</u>	<u>\$ 333,802</u>	<u>\$ 43,196,447</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			
	General <u>Fund</u>	Special Revenue <u>Fund</u>	Debt Service <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,064,912	\$ 670,006	\$ 1,750	\$ 11,736,668
Intergovernmental Accounts Receivable				
State	1,245,814			1,245,814
Federal		263,523		263,523
Interfund	25,003			25,003
Other accounts receivable	1,950	16,616		18,566
Total Assets	\$ 12,337,679	\$ 950,145	\$ 1,750	\$ 13,289,574
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 729,181	\$ 62,325		\$ 791,506
Unemployment claims payable	162,108			162,108
Payable to state government		37,616		37,616
Payroll withholding payable	249,288			249,288
Unearned revenue	397,300	225,281		622,581
Total Liabilities	1,537,877	325,222		1,863,099
Fund Balances:				
Restricted for:				
Capital reserve	5,565,000			5,565,000
Emergency reserve	165,005			165,005
Unemployment compensation reserve	334,998			334,998
Student Activities		579,821		579,821
Scholarships		45,102		45,102
Assigned to:				
Other Purposes	711,532			711,532
Designated for Subsequent Year's Expenditures	674,901			674,901
Unassigned	3,348,366		\$ 1,750	3,350,116
Total Fund Balances	10,799,802	624,923	1,750	11,426,475
Total Liabilities and Fund Balances	\$ 12,337,679	\$ 950,145	\$ 1,750	13,289,574

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 \$134,162,887 and the accumulated depreciation is \$50,182,292. See Note 6.	83,980,595
Long-term liabilities, including bonds payable, obligations under 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.	(39,056,580)
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.	(590,522)
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.	1,002,348
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(4,457,582)
Accrued pension contributions for the June 30, 2022 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.	(856,000)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(8,586,089)
Net position of governmental activities	\$ 42,862,645

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
REVENUES				
Local sources:				
Local tax levy	\$ 67,913,722		\$ 3,325,299	\$ 71,239,021
Tuition charges	779,020			779,020
Transportation fees	119,128			119,128
Interest earned on investments	38,796			38,796
Miscellaneous	483,531	\$ 701,683		1,185,214
Total - Local Sources	69,334,197	701,683	3,325,299	73,361,179
State sources	22,539,070	178,283	230,660	22,948,013
Federal sources	111,033	1,794,836		1,905,869
Total Revenues	91,984,300	2,674,802	3,555,959	98,215,061
EXPENDITURES				
Current:				
Regular instruction	23,592,554	779,068		24,371,622
Special education instruction	6,659,551	1,013,766		7,673,317
Other instruction	2,233,489			2,233,489
Support services and undistributed costs:				
Tuition	2,343,344			2,343,344
Attendance/social work	70,813			70,813
Health services	631,563			631,563
Other support services	5,602,914	637,676		6,240,590
Improvement of instruction	992,482			992,482
School library	678,030			678,030
Instructional staff training	727,440			727,440
General administration services	993,405			993,405
School administration services	3,077,554			3,077,554
Central services	982,648			982,648
Administrative information technology	856,844			856,844
Required maintenance of school facilities	1,568,750			1,568,750
Custodial services	4,561,326			4,561,326
Care and upkeep of grounds	243,202			243,202
Security	415,323			415,323
Pupil transportation services	3,672,273			3,672,273
Unallocated benefits	10,965,744			10,965,744
On-behalf TPAF social security, medical, disability and pension contributions	17,748,555			17,748,555
Debt service:				
Principal			2,280,000	2,280,000
Interest			1,296,275	1,296,275
Special schools	263,033			263,033
Contribution to charter school	31,574			31,574
Capital outlay	3,147,938	191,351		3,339,289
Total Expenditures	92,060,349	2,621,861	3,576,275	98,258,485
Net change in fund balances	(76,049)	52,941	(20,316)	(43,424)
Fund Balance—July 1	10,875,851	571,982	22,066	11,469,899
Fund Balance—June 30	\$ 10,799,802	\$ 624,923	\$ 1,750	\$ 11,426,475

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, 2022

Total net change in fund balances - governmental funds (from B-2) \$ (43,424)

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

Depreciation/amortization expense	\$	(4,145,899)	
Capital additions		3,453,254	(692,645)

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. 2,280,000

Repayment of financed purchases and capital leases are 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. 345,072

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	
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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. (102,826)

Issuance of Long-term debt (leases) provide current financial resources to governmental funds, which the repayment of the principal of the long term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. (260,031)

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. 42,745

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)	
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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		1,982,922	
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Change in net position of governmental activities (A-2) \$ 3,665,072

PROPRIETARY FUND

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Net Position
June 30, 2022

	<u>Major Enterprise Fund Food Service</u>
ASSETS	
Current Assets:	
Accounts receivable:	
State	\$ 1,124
Federal	48,855
Other	14,998
Inventories	<u>14,136</u>
Total Current Assets	<u>79,113</u>
Noncurrent Assets:	
Capital assets:	
Non-Depreciable:	
Construction in progress	95,544
Depreciable:	
Furniture, machinery and equipment	832,963
Less accumulated depreciation	<u>(445,415)</u>
Total Capital Assets, net	<u>483,092</u>
Total Assets	<u>562,205</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	129,421
Interfund payable	25,003
Unearned revenue	<u>73,979</u>
Total Current Liabilities	<u>228,403</u>
NET POSITION	
Investment in capital assets	483,092
Unrestricted (deficit)	<u>(149,290)</u>
Total Net Position	<u>\$ 333,802</u>

See accompanying notes to the basic financial statements.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2022

	Major Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 691,455
Daily sales - non-reimbursable programs	883
Total Operating Revenues	692,338
Operating Expenses:	
Cost of sales - reimbursable programs	794,815
Salaries	473,781
Employee benefits	58,882
Other purchased services	6,090
Management fee	94,039
Supplies and materials	62,163
Miscellaneous	756
Depreciation	39,567
Total Operating Expenses	1,530,093
Operating (loss)	(837,755)
Nonoperating Revenues:	
State sources:	
State school lunch program	16,402
Federal sources:	
National school lunch program	716,691
Food donation program	28,651
Total Nonoperating Revenues	761,744
(Loss) before capital contributions	
Capital contributions	95,544
Change in Net Position	19,533
Total Net Position—Beginning	314,269
Total Net Position—Ending	\$ 333,802

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, 2022

	Major Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 672,098
Payments to employees	(473,781)
Payments for employee benefits	(58,882)
Payments to suppliers	(912,326)
Net cash (used for) operating activities	(772,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	15,333
Federal sources	668,201
Food donation program	29,130
Net cash provided by noncapital financing activities	712,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(106,505)
Capital Contribution	95,544
Net cash (used for) capital and related financing activities	(10,961)
Net (decrease) in cash and cash equivalents	(71,188)
Cash and cash equivalents, beginning of year	71,188
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (837,755)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	39,567
Changes in assets and liabilities:	
Increase in inventories	(8,099)
Increase in other accounts receivable	(6,662)
Decrease in unearned revenue	(13,578)
Decrease in interfund payable	(50,569)
Increase in accounts payable	104,205
Total adjustments	64,864
Net cash (used for) operating activities	\$ (772,891)

Noncash noncapital financing activities:

The District received \$29,130 of food commodities from the U.S. Department of Agriculture and \$95,544 of equipment contributions from its food services management company during the year ended June 30, 2022.

See accompanying notes to the basic financial statements.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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

Year ended June 30, 2022

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, financed purchases and 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

Year ended June 30, 2022

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

Year ended June 30, 2022

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

Year ended June 30, 2022

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.

Except for student activity and scholarship funds, 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

Year ended June 30, 2022

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, 2022, the District had inventories in the Food Service Enterprise Fund in the amount of \$14,136, of which, the portion of unused Food Donation Program commodities in the amount of \$4,390 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
Right to use - equipment	3-5
Buildings	50
Building improvements	20
Vehicles	5-10

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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 assets 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 assets 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, 2022, a liability existed for compensated absences in the government-wide financial statements in the amount of \$599,344 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, 2022 amounted to \$154,540. As of June 30, 2022, the District has an unamortized balance of \$1,002,348 recorded as a deferred outflow of resources.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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 2022-23 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

Year ended June 30, 2022

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 \$10,799,802 of fund balances in the General Fund, \$711,532 of encumbrances is assigned to other purposes, \$674,901 has been assigned as designated for subsequent year's expenditures, \$5,565,000 has been restricted for the capital reserve, \$165,005 has been restricted for emergency reserve, \$334,998 is restricted for unemployment claims and \$3,348,366 is classified as unassigned. Of the \$624,923 fund balance in the Special Revenue Fund, \$578,821 and \$45,102 are restricted for Student Activities and Scholarships, respectively. The District also has \$1,750 in the Debt Service Fund, which is restricted for debt service.

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

Year ended June 30, 2022

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 decreased by \$9,073,025 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. There was no excess fund balance generated during the June 30, 2022 fiscal year.

R. Leases

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

S. 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. The District implemented the requirements of the Statement during the 2022 fiscal year.

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.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. 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.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 17, 2023, 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.

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 financed purchases and leases payable, 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 \$39,056,580 difference are as follows:

Bonds payable	\$	32,635,000
Premium on bonds		2,164,452
Financed purchases payable		3,292,915
Leases payable		364,869
Compensated absences payable		<u>599,344</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u><u>39,056,580</u></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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

3. Deposits and Investments (continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

3. Deposits and Investments (continued)

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2022, the carrying amount of the District's deposits was \$11,736,668 and the bank balance was \$11,998,535.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2022 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$11,222,646. \$525,889 held in the District agency accounts and the funds held with fiscal agents are not covered by GUDPA.

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, 2022.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

3. Deposits and Investments (continued)

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, 2022.

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, 2022.

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance, July 1, 2021	\$ 5,740,000
Deposits:	
Approved by Board Resolution at the June 2022 Board of Education Meeting	1,725,000
Withdrawal:	
Budgeted Withdrawal	(1,900,000)
Ending balance, June 30, 2022	<u>\$ 5,565,000</u>

\$2,000,000 of this amount was appropriated in the 2022-23 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, 2022 balance of local support costs of uncompleted projects was in excess of the amount held in the capital reserve account.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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 \$165,005 as of June 30, 2022.

6. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2022:

	(Restated)		
	Beginning		Ending
	Balance	Increases	Balance
Governmental activities:			
Capital assets, not being depreciated/amortized:			
Land	\$ 11,616,511		\$ 11,616,511
Construction in progress	6,500	\$ 1,887,360	1,893,860
Total capital assets, not being depreciated/amortized	11,623,011	1,887,360	13,510,371
Capital assets, being depreciated/amortized:			
Buildings and building improvements	103,373,516	724,151	104,097,667
Land improvements	9,010,670	59,510	9,070,180
Right to use assets - equipment	206,107	260,031	466,138
Machinery, equipment and vehicles	6,496,329	522,202	7,018,531
Total capital assets being depreciated/amortized	119,086,622	1,565,894	120,652,516
Less accumulated depreciation/amortization for:			
Buildings and building improvements	(35,573,199)	(2,918,399)	(38,491,598)
Land improvements	(5,894,452)	(295,791)	(6,190,243)
Machinery, equipment and vehicles	(4,568,742)	(797,193)	(5,365,935)
Right to use assets - equipment		(134,516)	(134,516)
Total accumulated depreciation/amortization	(46,036,393)	(4,145,899)	(50,182,292)
Total capital assets, being depreciated/amortized, net	72,844,122	(2,580,005)	70,470,224
Governmental activities capital assets, net	\$ 84,467,133	\$ (692,645)	\$ 83,980,595

School District of the Chathams
Notes to the Basic Financial Statements

Year ended June 30, 2022

6. Capital Assets (continued)

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

Instruction:		
Regular	\$	1,792,552
Special education		568,014
Other		164,275
Support services:		
Student and instruction related services		687,032
School administration services		73,066
General and business administration services		361,653
Operation and maintenance of plant services		499,307
Total depreciation expense – governmental activities	\$	<u>4,145,899</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2022:

	Beginning		Ending
	Balance	Increases	Balance
Business-type activities:			
Capital assets, not subject to depreciation:			
Construction in progress		\$ 95,544	\$ 95,544
Total capital assets not subject to depreciation	-	95,544	95,544
Capital assets, being depreciated:			
Buildings and building improvements	\$ 318,486	55,253	373,739
Machinery, equipment and vehicles	503,517	51,251	554,768
Total capital assets being depreciated	822,003	106,504	928,507
Less accumulated depreciation for:			
Buildings and building improvements			
Machinery, equipment and vehicles	(44,093)	(14,814)	(58,907)
	(361,755)	(24,753)	(386,508)
Total accumulated depreciation	(405,848)	(39,567)	(445,415)
Business-type activities capital assets, net	<u>\$ 416,155</u>	<u>\$ 66,937</u>	<u>\$ 483,092</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

7. Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	(Restated)			Ending	Due within
	Beginning			Balance	One Year
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities:					
Bonds payable	\$ 34,915,000		\$(2,280,000)	\$ 32,635,000	\$ 2,375,000
Premiums on bonds	2,432,251		(267,799)	2,164,452	267,799
Compensated absences payable	496,518	\$ 176,156	(73,330)	599,344	51,091
Leases and financed purchases	3,742,825	260,031	(345,072)	3,657,784	373,748
Subtotal	41,586,594	436,187	(2,966,201)	39,056,580	3,067,638
Net pension liability	11,984,647		(3,398,558)	8,586,089	
Total governmental activities capital assets, net	\$ 53,571,241	\$ 436,187	\$(6,364,759)	\$ 47,642,669	\$ 3,067,638

The compensated absences payable, net pension liability and obligations under leases and financed purchases 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, 2022 are comprised of the following issues:

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$440,000 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, 2022.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$1,185,000 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, 2022.

\$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

Year ended June 30, 2022

7. Long-Term Liabilities (continued)

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

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,865,000	763,650	3,628,650
2028-2032	13,725,000	2,129,550	15,854,550
2033-2037	6,000,000	571,500	6,571,500
	<u>\$ 32,635,000</u>	<u>\$ 7,686,200</u>	<u>\$ 40,321,200</u>

The above general obligation bonds are direct borrowings of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

Financed Purchases Payable

The District has financed purchases 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 payments under the financed purchases and the present value of the net future minimum lease payments as of June 30, 2022:

Fiscal year ending June 30,	<u>Amount</u>
2023	\$ 335,079
2024	343,178
2025	351,462
2026	359,934
2027	368,600
2028-2032	1,980,058
Total minimum payment	<u>3,738,311</u>
Less: amount representing interest	<u>(445,397)</u>
Present value of net future minimum payments	<u>\$ 3,292,914</u>

Capital assets paid for with proceeds from the financed purchases totaled \$5,011,352, with accumulated depreciation of \$1,378,122 of June 30, 2022.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

8. Leases Payable

The District has commitments to lease copiers, mail equipment and other equipment under leases which expire in the 2027 fiscal year. Total new obligations totaled \$260,031 and total lease payments made during the year ended June 30, 2022 were \$101,269. Future lease payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2023	\$ 116,097	\$ 11,444	\$ 127,541
2024	117,351	7,515	124,866
2025	74,805	3,778	78,583
2026	55,813	1,623	57,436
2027	804	138	942
	<u>\$ 364,870</u>	<u>\$ 24,498</u>	<u>\$ 389,368</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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all 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 District is a non-contributing employer of the TPAF.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

During the year ended June 30, 2022, the State of New Jersey contributed \$15,278,214 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 \$2,470,341 during the year ended June 30, 2022 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, 2022, 2021 and 2020 were \$848,800, \$803,968 and \$700,510, 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, 2022, the District reported a liability of \$8,586,089 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0724778619 percent, which was a decrease of 0.0010142832 percent from its proportion measured as of June 30, 2020.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

For the year ended June 30, 2022, the District recognized full accrual pension expense of \$667,280 in the government-wide financial statements. At June 30, 2021, 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	\$ 135,414	\$ 61,466
Changes of assumptions	44,716	3,056,703
Net difference between projected and actual earnings on pension plan investments		2,261,802
Changes in proportion and differences between District contributions and proportionate share of contributions	216,834	330,575
District contributions subsequent to the measurement date	856,000	
	<u>\$ 1,252,964</u>	<u>\$ 5,710,546</u>

\$856,000 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:	
2023	\$ (2,060,110)
2024	(1,478,633)
2025	(965,136)
2026	(89,139)
2027	(720,564)
	<u>\$ (5,313,582)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2020 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real estate	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 non-employer contributing entity will be based on 100% 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, 2021 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

Year ended June 30, 2022

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Decrease (8.00%)
District's proportionate share of the net pension liability	\$ 11,692,512	\$ 8,586,089	\$ 5,949,849
<i>Pension Plan Fiduciary Net Position</i>			

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, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	\$ 8,339,123,762
Net pension liability	\$11,972,782,878
State's proportionate share associated with the District	0.0724778619%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2021 is \$1,599,674,464.

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.13, 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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$140,565,456. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2923866975 percent, which was an increase of 0.0052307819 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$3,307,567 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	1.55-4.55% 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% 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, 2020 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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real estate	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

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 100% of the actuarially determined contributions from the State. 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. 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 all projected benefit payments 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, 2021 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Decrease (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 166,312,414	\$ 140,565,456	\$ 118,939,629

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, 2021 are as follows:

Deferred outflows of resources	\$ 6,356,228,800
Deferred inflows of resources	\$27,175,330,429
Net pension liability	\$48,075,188,642
State's proportionate share associated with the District	0.2923866975%

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

9. Pension Plans (continued)

Additional Information

Collective pension benefit-Local Group for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411. 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, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

10. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

10. Post-Retirement Benefits (continued)

75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,850,970 for this special funding situation.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2022, 2021 and 2020 were \$2,892,607, \$2,714,234 and \$2,378,483, respectively, which equaled the required contributions for each year.

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. 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 State, a non-employer 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 OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2021 was \$136,179,824. 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

Year ended June 30, 2022

10. Post-Retirement Benefits (continued)

Additional information on pensions and OPEB can be assessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	2.75 - 5.65% based on service years	3.00 - 7.00% based on service years

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-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

10. Post-Retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2021 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	At 1% Decrease (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 164,171,807	\$ 136,179,824	\$ 114,292,789

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

10. Post-Retirement Benefits (continued)

	At 1% Decrease	At Healthcare Cost Trend Rate	At 1% Increase
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 109,928,946	\$ 136,179,824	\$ 167,438,785

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability
Beginning Total OPEB Liability, June 30, 2020	\$ 152,962,549
Changes for the year:	
Service cost	8,091,340
Interest	3,532,648
Differences between expected and actual experiences	(25,703,694)
Changes in assumptions or other inputs	(10,595)
Members contributions	90,313
Benefit payments	(2,782,737)
Net Changes	(16,782,725)
Ending Total OPEB Liability, June 30, 2021	<u>\$ 136,179,824</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education Group	June 30, 2021
Active plan members	213,901
Inactive plan members or beneficiaries currently receiving benefits	150,427
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	-
Total plan members	<u>364,328</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$9,353,959 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 21,546,947,255
Deferred inflows of resources	\$ 26,769,148,209
Collective OPEB expense	\$ 3,527,672,060
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 as of June 30, 2022 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 25,003	
Food Service Enterprise Fund		\$ 25,003
	<u>\$ 25,003</u>	<u>\$ 25,003</u>

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.

12. Economic Dependency

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

13. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 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.

14. 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

15. Deferred Compensation Plans

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

The plan administrators are as follows:

AIG Valic
AXA Equitable
Citistreet Metro TSA
FRJ Fund Choice

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

16. Commitments

The District had contractual commitments on June 30, 2022 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$711,532.

During the 2022 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 and American Rescue Plan (ARPA) will reimburse the State of New Jersey, a portion of all claims incurred. Since the District has not received a bill related to fiscal year 2022, and the amounts due are not known, no provision has been made in the District's financial statements for any liability related to the 2022 fiscal year.

17. 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2022

17. Tax Abatements (continued)

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.

Neither the Chatham Township nor the Borough of Chatham have entered into any long-term tax exemptions as of June 30, 2022, therefore there are no tax abatements that effect the District as of June 30, 2022.

18. Change in Accounting Policy

Effective in the fiscal year ended June 30, 2022, the District implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. The objective of this Statement is to establish standards of accounting and financial reporting for leases by lessees and lessors. The implementation of the Statement required a restatement of prior year assets and liabilities in the government-wide financial statements. The restatement had no effect on net position.

The following shows the effects on the statement of net position – governmental activities as originally presented as of June 30, 2021 and as restated:

	Balance	Restatement	Restated
	June 30, 2021	Amount	Balance
	<hr/>		
Statement of Net Position - Governmental Activities:			
Assets:			
Capital assets being depreciated/amortized, net	\$ 72,638,015	\$ 206,107	\$ 72,844,122
<hr/>			
Liabilities:			
Current portion of long-term liabilities	2,825,914	109,468	2,935,382
Non-current portion of long-term liabilities	38,554,573	96,639	38,651,212
	<hr/>	<hr/>	<hr/>
	\$ 41,380,487	\$ 206,107	\$ 41,586,594
	<hr/>		

Required Supplementary Information - Part II

School District of the Chatham
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years

	Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability (asset) - Local Group	N/A	0.0698823190%	0.0702593563%	0.0698980772%	0.0731285958%	0.0738272905%	0.0731279700%	0.0720162522%	0.0734921451%	0.0724778619%
District's proportionate share of the net pension liability (asset)	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	\$ 8,586,089
District's covered payroll	\$ 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	\$ 5,292,806
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	N/A	278.10%	270.74%	317.71%	431.50%	337.21%	285.02%	252.28%	228.91%	162.22%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

N/A - Information not available

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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

	Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 526,549	\$ 579,208	\$ 600,936	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510	\$ 803,968	\$ 848,800
Contributions in relation to the contractually required contribution	(526,549)	(579,208)	(600,936)	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)	(803,968)	(848,800)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 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	\$ 5,235,438
Contributions as a percentage of covered payroll	10.82%	12.06%	12.37%	12.61%	12.94%	13.42%	14.14%	13.38%	15.19%	16.21%

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

See accompanying notes to required supplementary information.

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	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2632288497%	0.2698905323%	0.2799799553%	0.2800400222%	0.2801849358%	0.2870124666%	0.2871559156%	0.2923866975%
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	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260	\$ 189,088,715	\$ 140,565,456
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 133,033,790</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>	<u>\$ 140,565,456</u>
Plan fiduciary net position as a percentage of the total pension liability	33.76%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

* 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 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District - Local Group	0.22%	0.22%	0.22%	0.22%	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	\$ 136,179,824	\$ 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>\$ 136,179,824</u>	<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%	0.00%
	2022	2021	2020	2019	2018	2017**
Total OPEB Liability						
Service cost	\$ 8,091,340	\$ 4,462,316	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	3,532,648	3,368,170	3,967,884	4,216,757	3,642,583	
Change in Benefit Terms	(144,947)					
Differences between expected and actual experience	(25,703,694)	26,722,171	(13,434,430)	(9,468,097)		
Changes of assumptions	134,352	27,941,002	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	90,313	80,714	84,671	92,218	97,591	
Gross benefits payments	(2,782,737)	(2,662,952)	(2,856,392)	(2,668,216)	(2,650,315)	
Net change in OPEB liability	(16,782,725)	59,911,421	(6,733,889)	(14,639,461)	(9,048,937)	
Total OPEB liability - beginning	152,962,549	93,051,128	99,785,017	114,424,476	123,473,414	
Total OPEB liability - ending	<u>\$ 136,179,824</u>	<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>\$ 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>355.33%</u>	<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 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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, 2022**

	<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	\$ 67,913,722		\$ 67,913,722	\$ 67,913,722	
Tuition	652,800		652,800	779,020	\$ 126,220
Transportation Fees	150,000		150,000	119,128	(30,872)
Interest Earned on Investments	57,000		57,000	38,796	(18,204)
Miscellaneous	227,000		227,000	483,531	256,531
Total - Local Sources	<u>69,000,522</u>		<u>69,000,522</u>	<u>69,334,197</u>	<u>333,675</u>
State Sources:					
Categorical Special Education Aid	2,878,541		2,878,541	2,878,541	
Transportation Aid	723,961		723,961	723,961	
Security Aid	159,916		159,916	159,916	
Extraordinary Aid	350,000		350,000	982,216	632,216
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				12,380,592	12,380,592
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,892,607	2,892,607
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,015	5,015
TPAF Social Security (Reimbursed - Non-Budgeted)				2,470,341	2,470,341
Additional Non-Public Transportation Aid				107,719	107,719
Total State Sources	<u>4,112,418</u>		<u>4,112,418</u>	<u>22,600,908</u>	<u>18,488,490</u>
Federal Sources:					
FEMA Aid				111,033	111,033
Total - Federal Sources				<u>111,033</u>	<u>111,033</u>
Total Revenues	<u>73,112,940</u>		<u>73,112,940</u>	<u>92,046,138</u>	<u>18,933,198</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	540,328	\$ 71,662	611,990	598,280	13,710
Grades 1-5 - Salaries of Teachers	7,727,288	(531,555)	7,195,733	7,167,708	28,025
Grades 6-8 - Salaries of Teachers	5,718,545	(83,786)	5,634,759	5,634,759	
Grades 9-12 - Salaries of Teachers	8,264,812	(45,924)	8,218,888	8,216,877	2,011
Regular Programs - Home Instruction					
Salaries of Teachers	51,000	21,726	72,726	72,726	
Purchased Professional-Educational Services	30,000	37,125	67,125	67,125	
Other Purchased Services	500		500		500
General Supplies	500	(29)	471		471
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	286,447	(72,035)	214,412	183,194	31,218
Purchased Professional-Educational Services	10,750	6,714	17,464	2,654	14,810
Cleaning, Repair and Maintenance Services	38,070		38,070	15,542	22,528
Rentals	343,215	3,140	346,355	215,618	130,737
Other Purchased Services	177,225	9,875	187,100	153,500	33,600
Travel	1,600		1,600	815	785
General Supplies	1,341,736	193,676	1,535,412	1,215,869	319,543
Textbooks	97,070	(32,270)	64,800	42,556	22,244
Other Objects	36,820		36,820	5,331	31,489
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,665,906</u>	<u>(421,681)</u>	<u>24,244,225</u>	<u>23,592,554</u>	<u>651,671</u>
Learning and/or Language Disabilities					
Other Salaries for Instruction	80,165		80,165	57,594	22,571
General Supplies	5,000		5,000	3,590	1,410
Total Learning and/or Language Disabilities	<u>85,165</u>		<u>85,165</u>	<u>61,184</u>	<u>23,981</u>
Visual Impairments					
Purchased Professional-Educational Services	2,100	2,300	4,400	4,400	
Total Visual Impairments	<u>2,100</u>	<u>2,300</u>	<u>4,400</u>	<u>4,400</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Emotional Regulation Impairment					
Salaries of Teachers	\$ 76,970		\$ 76,970	\$ 76,970	
Other Salaries for Instruction	20,323	\$ (2,863)	17,460	16,347	
Total Emotional Regulation Impairment	<u>97,293</u>	<u>(2,863)</u>	<u>94,430</u>	<u>93,317</u>	
Multiple Disabilities					
Salaries of Teachers	407,305	72,349	479,654	467,129	
Other Salaries for Instruction	260,997	(40,782)	220,215	199,956	\$ 20,259
General Supplies	3,343		3,343	1,119	2,224
Total Multiple Disabilities	<u>671,645</u>	<u>31,567</u>	<u>703,212</u>	<u>668,204</u>	<u>22,483</u>
Resource Room/Resource Center					
Salaries of Teachers	4,231,043	(302,042)	3,929,001	3,929,001	
Other Salaries for Instruction	1,068,349	137,146	1,205,495	1,205,495	
General Supplies	8,669		8,669	5,517	3,152
Textbooks	1,500		1,500	1,464	36
Total Resource Room/Resource Center	<u>5,309,561</u>	<u>(164,896)</u>	<u>5,144,665</u>	<u>5,141,477</u>	<u>3,188</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	141,977	31,330	173,307	152,752	20,555
General Supplies	2,200		2,200	2,150	50
Total Preschool Disabilities - Part-Time	<u>144,177</u>	<u>31,330</u>	<u>175,507</u>	<u>154,902</u>	<u>20,605</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	457,795	46,967	504,762	504,762	
Other Salaries for Instruction	57,088	(26,556)	30,532	30,113	419
General Supplies	1,200		1,200	1,192	8
Total Preschool Disabilities - Full-Time	<u>516,083</u>	<u>20,411</u>	<u>536,494</u>	<u>536,067</u>	<u>427</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>6,826,024</u>	<u>(82,151)</u>	<u>6,743,873</u>	<u>6,659,551</u>	<u>70,684</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	654,981		624,347	624,347	
General Supplies	6,000		6,000	1,944	4,056
Total Basic Skills/Remedial - Instruction	<u>660,981</u>		<u>630,347</u>	<u>626,291</u>	<u>4,056</u>
Bilingual Education - Instruction					
Salaries of Teachers	217,745		217,745	216,296	
Total Bilingual Education - Instruction	<u>217,745</u>		<u>217,745</u>	<u>216,296</u>	
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	379,440	41,419	420,859	420,859	
Purchased Services- Performing Arts		5,850	5,850	5,850	
Purchased Services	1,000		1,000	735	265
Supplies and Materials	69,080	10,000	79,080	74,681	4,399
Other Objects	30,250		30,250	28,343	1,907
Total School-Spon. Cocurricular Actvts. - Inst.	<u>479,770</u>	<u>57,269</u>	<u>537,039</u>	<u>530,468</u>	<u>6,571</u>
School-Spon. Athletics					
Salaries	525,300	(13,590)	511,710	493,790	17,920
Purchased Services	125,060	3,250	128,310	98,441	29,869
Cleaning, Repair and Maintenance Services	15,065	6,652	21,717	16,117	5,600
Rentals		8,339	8,339	3,057	5,282
Insurance	77,964	(9,902)	68,062	66,098	1,964
Supplies and Materials	140,515	585	141,100	94,167	46,933
Other Objects	111,505	1,543	113,048	88,764	24,284
Total School-Spon. Athletics	<u>995,409</u>	<u>(3,123)</u>	<u>992,286</u>	<u>860,434</u>	<u>131,852</u>
Total Instruction	<u>33,845,835</u>	<u>(480,320)</u>	<u>33,365,515</u>	<u>32,485,594</u>	<u>864,834</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022**

	<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	\$ 287,927	\$ (241,214)	\$ 46,713	\$ 43,466	\$ 3,247
Tuition to County Voc. School Dist. - Regular	55,700	21,000	76,700	70,740	5,960
Tuition to Private Schools for the Disabled - Within State	1,986,837	202,149	2,188,986	2,032,666	156,320
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	205,500		205,500	196,472	9,028
Total Undistributed Expenditures - Instruction	<u>2,535,964</u>	<u>(18,065)</u>	<u>2,517,899</u>	<u>2,343,344</u>	<u>174,555</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	98,362	(27,385)	70,977	70,813	
Total Undistributed Expenditures - Attend. and Social Work	<u>98,362</u>	<u>(27,385)</u>	<u>70,977</u>	<u>70,813</u>	
Undistributed Expenditures- Health Services					
Salaries	621,089	(7,051)	614,038	598,401	15,637
Salaries of Social Services Coordinator		1,786	1,786	1,786	
Purchased Professional and Technical Services	24,300	2,680	26,980	21,805	5,175
Other Purchased Services	960		960	332	628
Supplies and Materials	19,178	1,651	20,829	9,239	11,590
Total Undistributed Expenditures - Health Services	<u>665,527</u>	<u>(934)</u>	<u>664,593</u>	<u>631,563</u>	<u>33,030</u>
Undistributed Expenditures - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	819,541	48,661	868,202	868,202	
Purchased Professional - Educational Services	72,791	77,704	150,495	150,054	441
Supplies and Materials	4,020	-	4,020	3,692	328
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services	<u>896,352</u>	<u>126,365</u>	<u>1,022,717</u>	<u>1,021,948</u>	<u>769</u>
Undistributed Expenditures - Other Supp. Serv. Students - Extra Serv.					
Salaries	189,414	(145,111)	44,303	38,069	6,234
Other Salaries for Instruction	470,678	9,813	480,491	480,491	
Purchased Professional - Educational Services	217,173	182,076	399,249	351,178	48,071
Supplies and Materials	53,993		53,993	37,805	16,188
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>931,258</u>	<u>46,778</u>	<u>966,636</u>	<u>907,543</u>	<u>59,093</u>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	1,535,804	(67,359)	1,468,445	1,468,445	
Salaries of Secretarial and Clerical Assistants	139,665	2,902	142,567	142,567	
Purchased Professional - Educational Services	23,300	(17)	23,283	22,974	309
Other Purchased Prof. and Tech. Services	12,600		12,600	8,246	4,354
Supplies and Materials	11,495	(273)	11,222	5,211	6,011
Other Objects	11,560	(5,851)	5,709	3,770	1,939
Total Undist. Expend. - Guidance	<u>1,734,424</u>	<u>(70,598)</u>	<u>1,663,826</u>	<u>1,651,213</u>	<u>12,613</u>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	1,787,601	(23,039)	1,764,562	1,764,562	
Salaries of Secretarial and Clerical Assistants	181,305		181,305	181,305	
Other Purchased Prof. and Tech. Services	27,000	13,240	40,240	40,115	125
Other Purchased Services	4,810		4,810	2,121	2,689
Supplies and Materials	27,416	9,995	37,411	31,423	5,988
Other Objects	3,150		3,150	2,684	466
Total Undistributed Expenditures - Child Study Teams	<u>2,031,282</u>	<u>196</u>	<u>2,031,478</u>	<u>2,022,210</u>	<u>9,268</u>
Undistributed Expenditures - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	975,110	36,776	1,011,886	992,482	19,404
Supplies and Materials	500		500	500	
Other Objects	500		500	500	
Total Undistributed Expenditures - Improvement of Inst. Serv.	<u>976,110</u>	<u>36,776</u>	<u>1,012,886</u>	<u>992,482</u>	<u>20,404</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final to <u>Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 592,375	\$ (25,486)	\$ 566,889	\$ 543,042	\$ 23,847
Other Purchased Services	108,640	(306)	108,334	80,988	27,346
Supplies and Materials	99,378	306	99,684	54,000	45,684
Other Objects	<u>13,183</u>		<u>13,183</u>		<u>13,183</u>
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>813,576</u>	<u>(25,486)</u>	<u>788,090</u>	<u>678,030</u>	<u>110,060</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	769,349	(104,743)	664,606	662,034	2,572
Purchased Professional - Educational Services	27,650		27,650	8,600	19,050
Other Purchased Services	62,675		62,675	27,458	35,217
Supplies and Materials	13,000		13,000	3,480	9,520
Other Objects	<u>26,375</u>		<u>26,375</u>	<u>25,868</u>	<u>507</u>
Total Undist. Expend. - Instructional Staff Training Serv.	<u>899,049</u>	<u>(104,743)</u>	<u>794,306</u>	<u>727,440</u>	<u>66,866</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	569,360	7,286	576,646	576,646	
Legal Services	245,000	33,625	278,625	213,705	64,920
Audit Fees	74,490	(203)	74,287	61,685	12,602
Architectural/Engineering Services	45,000	(2,520)	42,480	41,722	758
Other Purchased Professional Services	28,540	(7,083)	21,457	5,145	16,312
Other Purchased Professional and Technical Services	3,500		3,500		3,500
Insurance	2,281	14	2,295	2,295	
Communications/Telephone	68,136	(27,071)	41,065	13,637	27,428
Travel	12,120		12,120	5,085	7,035
Board of Education Other Purchased Services	10,000	(3,253)	6,747	3,374	3,373
Miscellaneous Purchased Services	5,000		5,000	1,461	3,539
General Supplies	11,395	(71)	11,324	2,506	8,818
Board of Education In-House Training/Meeting Supplies	5,000		5,000	164	4,836
Miscellaneous Expenditures	28,852	3,253	32,105	22,765	9,340
Board of Education Dues and Fees	<u>46,000</u>		<u>46,000</u>	<u>43,215</u>	<u>2,785</u>
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,154,674</u>	<u>3,977</u>	<u>1,158,651</u>	<u>993,405</u>	<u>165,246</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,075,733	91,734	2,167,467	2,167,467	
Salaries of Secretarial and Clerical Assistants	810,306	65,303	875,609	869,607	6,002
Other Purchased Services	26,199	2,800	28,999	18,889	10,110
Travel	3,000		3,000	1,289	1,711
Supplies and Materials	17,145	3,000	20,145	6,759	13,386
Other Objects	<u>19,593</u>		<u>18,593</u>	<u>13,543</u>	<u>5,050</u>
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,951,976</u>	<u>162,837</u>	<u>3,113,813</u>	<u>3,077,554</u>	<u>36,259</u>
Undist. Expend. - Central Services					
Salaries	857,437	16,060	873,497	869,903	3,594
Purchased Professional Services	39,250	(8,175)	31,075	22,230	8,845
Purchased Technical Services	15,000	(2,390)	12,610	6,063	6,547
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	10,732	3,643	14,375	14,375	
Other Purchased Services	3,000		3,000		3,000
Travel	5,000	(561)	4,439	2,913	1,526
Miscellaneous Purchased Services	40,000	5,000	45,000	42,837	2,163
Supplies and Materials	27,032	(3,768)	23,264	17,085	6,179
Miscellaneous Expenditures	<u>7,060</u>		<u>7,984</u>	<u>7,242</u>	<u>742</u>
Total Undist. Expend. - Central Services	<u>1,004,811</u>	<u>9,809</u>	<u>1,015,544</u>	<u>982,648</u>	<u>32,896</u>
Undist. Expend. - Technology Admin.					
Salaries	640,380	38,164	678,544	678,544	
Cleaning, Repair and Maintenance Services	50,720	8,798	59,518	53,433	6,085
Rentals	128		128		128
Travel	5,400		5,400	3,754	1,646
Supplies and Materials	133,420	(9,900)	123,520	120,538	2,982
Other Objects	<u>600</u>		<u>600</u>	<u>575</u>	<u>25</u>
Total Undist. Expend. - Technology Admin.	<u>830,648</u>	<u>37,062</u>	<u>867,710</u>	<u>856,844</u>	<u>10,866</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022**

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	\$ 699,593	\$ 7,499	\$ 707,092	\$ 702,178	\$ 4,914
Cleaning, Repair and Maintenance Services	335,000	263,513	598,513	595,313	3,200
Other Purch Services - Rentals	3,208	(3,000)	208		208
Travel	6,500	(6,500)			
General Supplies	199,700	80,545	280,245	269,528	10,717
Other Objects	2,000		2,000	1,731	269
Total Undist. Expend. - Required Maint. for Sch. Facil.	<u>1,246,001</u>	<u>342,057</u>	<u>1,588,058</u>	<u>1,568,750</u>	<u>19,308</u>
Undist. Expend. - Custodial Services					
Salaries	2,035,358	(10,037)	2,025,321	2,020,897	4,424
Salaries of Non-Instructional Aides	54,558	(8,698)	45,860	44,988	872
Cleaning, Repair and Maintenance Services	310,297	200,759	511,056	483,993	27,063
Other Purchased Property Services	136,908	(36,039)	100,869	98,057	2,812
Insurance	367,650	4,868	372,518	372,487	31
General Supplies	271,775	(66,476)	205,299	202,150	3,149
Gasoline	27,540	94,646	122,186	122,186	
Natural Gas	433,500	(97,765)	335,735	304,192	31,543
Electricity	587,200		587,200	585,215	1,985
Interest on Energy Savings Improvement Program Bonds	83,358		83,358	83,358	
Principal on Energy Savings Improvement Program Bonds	243,803		243,803	243,803	
Other Objects	5,000	(5,000)			
Total Undist. Expend. - Custodial Services	<u>4,556,947</u>	<u>76,258</u>	<u>4,633,205</u>	<u>4,561,326</u>	<u>71,879</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	119,080		119,080	119,080	
Cleaning, Repair and Maintenance Services	74,950	20,231	95,181	91,303	3,878
General Supplies	38,000	(4,650)	33,350	32,819	531
Total Undist. Expend. - Care and Upkeep of Grounds	<u>232,030</u>	<u>15,581</u>	<u>247,611</u>	<u>243,202</u>	<u>4,409</u>
Undist. Expend. - Security					
Salaries	226,593	(17,893)	208,700	207,729	971
Purchased Professional and Technical Services	155,000	(24,000)	131,000	126,000	5,000
Cleaning, Repair and Maintenance Services	82,800	(9,534)	73,266	68,847	4,419
General Supplies	170,350	(144,531)	25,819	12,747	13,072
Total Undist. Expend. - Security	<u>634,743</u>	<u>(195,958)</u>	<u>438,785</u>	<u>415,323</u>	<u>23,462</u>
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	30,900	(1,900)	29,000	29,000	
Management Fees - ESC & CTSA Transportation Programs	12,960	3,467	16,427	16,427	
Other Purchased Professional and Technical Services	6,000		6,000	5,850	150
Contracted Services Aid In Lieu of Payment for Non-public School Students	210,000	57,269	267,269	214,884	52,385
Contracted Services (Between Home and School) - Vendors	1,036,197	(112,761)	923,436	923,232	204
Contracted Services (Other than Between Home and School) - Vendors	450,744	(28,795)	421,949	315,075	106,874
Contracted Services (Regular Students) - ESCs	204,000	71,505	275,505	268,506	6,999
Contracted Services (Special Education Students) - ESCs	1,647,284	259,992	1,907,276	1,899,299	7,977
Total Undist. Expend. - Student Transportation Serv.	<u>3,598,085</u>	<u>248,777</u>	<u>3,846,862</u>	<u>3,672,273</u>	<u>174,589</u>
Unallocated Benefits					
Social Security Contributions	851,016	50,547	901,563	901,563	
Other Retirement Contributions - Regular	855,000	84,330	939,330	939,262	68
Workmen's Compensation	251,924	(9,487)	242,437	241,407	1,030
Health Benefits	8,957,550	(372,388)	8,585,162	8,568,226	16,936
Tuition Reimbursement	155,000		155,000	110,096	44,904
Other Employee Benefits	260,000	(47,899)	212,101	205,190	6,911
Total Unallocated Benefits	<u>11,330,490</u>	<u>(294,897)</u>	<u>11,035,593</u>	<u>10,965,744</u>	<u>69,849</u>
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				12,380,592	(12,380,592)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)				2,892,607	(2,892,607)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,015	(5,015)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,470,341	(2,470,341)
Total On-behalf Contributions				<u>17,748,555</u>	<u>(17,748,555)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>39,122,309</u>	<u>356,931</u>	<u>39,479,240</u>	<u>56,132,210</u>	<u>(16,653,134)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>72,968,144</u>	<u>(123,389)</u>	<u>72,844,755</u>	<u>88,617,804</u>	<u>(15,773,049)</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022**

	<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	\$ 270,000	\$ 136,270	\$ 406,270	\$ 401,808	\$ 4,462
School Sponsored Athletics					
Equipment - Non Instructional		6,400	6,400	6,178	222
Central Services					
Central Services Equipment	80,000	(80,000)			
Total Central Services	<u>80,000</u>	<u>(80,000)</u>			
Custodial Services					
Non-Instructional equipment		56,619	56,619	28,119	
Total Custodial Services		<u>56,619</u>	<u>56,619</u>	<u>28,119</u>	
Security					
Security Equipment		51,635	51,635	51,635	51,635
Total Security		<u>51,635</u>	<u>51,635</u>	<u>51,635</u>	<u>51,635</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	180,000	(178,268)	1,732		1,732
Construction Services	2,645,000	477,848	3,122,848	2,514,690	608,158
School Security		33,049	33,049	33,049	
Other Objects - Debt Service Assessment	112,459		112,459	112,459	
Total Facilities Acquisition and Construction Services	<u>2,937,459</u>	<u>332,629</u>	<u>3,270,088</u>	<u>2,660,198</u>	<u>609,890</u>
TOTAL CAPITAL OUTLAY	<u>3,287,459</u>	<u>503,553</u>	<u>3,791,012</u>	<u>3,147,938</u>	<u>694,709</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	18,950	(7,201)	11,749	11,749	
General Supplies	1,200	743	1,943	1,418	525
Total Summer School - Instruction	<u>20,150</u>	<u>(6,458)</u>	<u>13,692</u>	<u>13,167</u>	<u>525</u>
Total Summer School	<u>20,150</u>	<u>(6,458)</u>	<u>13,692</u>	<u>13,167</u>	<u>525</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	180,000	67,965	247,965	247,965	
General Supplies	1,500	401	1,901	1,901	
Total Instructional Alternative Education Programs - Instruction	<u>181,500</u>	<u>68,366</u>	<u>249,866</u>	<u>249,866</u>	
TOTAL SPECIAL SCHOOLS	<u>201,650</u>	<u>61,908</u>	<u>263,558</u>	<u>263,033</u>	<u>525</u>
Contribution to Charter Schools	<u>31,574</u>		<u>31,574</u>	<u>31,574</u>	
TOTAL EXPENDITURES	<u>76,488,827</u>	<u>442,072</u>	<u>76,930,899</u>	<u>92,060,349</u>	<u>(15,077,815)</u>
Change in fund balance	(3,375,887)	(442,072)	(3,817,959)	(14,211)	3,803,748
Fund Balance, July 1	<u>11,176,808</u>	<u>-</u>	<u>11,176,808</u>	<u>11,176,808</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,800,921</u>	<u>\$ (442,072)</u>	<u>\$ 7,358,849</u>	<u>\$ 11,162,597</u>	<u>\$ 3,803,748</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2022**

	<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		\$ (357,072)	\$ (357,072)	\$ (357,072)	
Budgeted Fund Balance	\$ (1,475,887)		(1,475,887)	(1,672,139)	\$ (196,252)
Increase in Capital Reserve				4,000,000	4,000,000
Withdrawal from Capital Reserve	(1,900,000)		(1,900,000)	(1,900,000)	
Withdrawal from Emergency Reserve		(85,000)	(85,000)	(85,000)	
Total	<u>\$ (3,375,887)</u>	<u>\$ (442,072)</u>	<u>\$ (3,817,959)</u>	<u>\$ (14,211)</u>	<u>\$ 3,803,748</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 5,565,000	
Emergency Reserve				165,005	
Unemployment Compensation				334,998	
Assigned to:					
Designated for Subsequent Year's Expenditures				674,901	
Year End Encumbrances				711,532	
Unassigned Fund Balance				<u>3,711,161</u>	
Budgetary Fund Balance				<u>\$ 11,162,597</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance				\$ 11,162,597	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(362,795)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 10,799,802</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2022**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
Federal Sources	\$ 730,890	\$ 2,222,497	\$ 2,953,387	\$ 1,981,738	\$ (971,649)
State Sources	115,440	200,831	316,271	278,655	(37,616)
Local Sources	-	983,770	983,770	708,915	(274,855)
Total Revenues	<u>\$ 846,330</u>	<u>\$ 3,407,098</u>	<u>\$ 4,253,428</u>	<u>\$ 2,969,308</u>	<u>\$ (1,284,120)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 28,730	\$ 375,504	\$ 404,234	\$ 134,672	\$ 269,562
Other Salaries		47,347	47,347	22,772	24,575
Purchased Professional and Technical Services		16,400	16,400	1,500	14,900
Purchased Professional and Educational Services	65,120	54,557	119,677	113,801	5,876
Other Purchased Services	699,580	333,608	1,033,188	1,027,666	5,522
Tuition		221,676	221,676	172,250	
Travel		2,975	2,975		2,975
Supplies and Materials	2,580	(2,580)			
General Supplies	39,200	288,564	327,764	234,475	93,289
Textbooks	11,120	9,766	20,886	20,724	162
Total Instruction	<u>846,330</u>	<u>1,347,817</u>	<u>2,194,147</u>	<u>1,727,860</u>	<u>416,861</u>
Support Services					
Personnel Services - Employee Benefits		138,716	138,716	54,626	84,090
Purchased Professional and Technical Services		67,392	67,392	52,392	15,000
Purchased Professional and Educational Services		56,349	56,349	56,349	
Other Purchased Services		123,029	123,029	7,998	115,031
Supplies and Materials		33,594	33,594	32,833	761
Other Objects		56,317	56,317	34,000	22,317
Scholarships		579,821	579,821	11,724	568,097
Student Activities		45,102	45,102	391,609	
Total Support Services		<u>1,100,320</u>	<u>1,100,320</u>	<u>641,531</u>	<u>805,296</u>
Facilities Acquisition and Construction Services:					
Bldgs. Other than Lease Purchase Agreements		747,630	747,630	546,976	200,654
Non-Instructional Equipment		90,959	90,959		90,959
Construction Services		10,000	10,000		10,000
Equipment		10,000	10,000		10,000
Buildings		100,372	100,372		100,372
Total Facilities Acquisition and Construction Services	-	<u>958,961</u>	<u>958,961</u>	<u>546,976</u>	<u>411,985</u>
Total Expenditures	<u>846,330</u>	<u>3,407,098</u>	<u>4,253,428</u>	<u>2,916,367</u>	<u>1,634,142</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	52,941	<u>\$ 350,022</u>
Fund Balance, July 1				<u>571,982</u>	
Fund Balance, June 30				<u>\$ 624,923</u>	
Recapitulation of Fund Balance:					
				\$ 579,821	
				45,102	
				<u>\$ 624,923</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2022**

**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)	\$ 92,046,138	\$ 2,969,308
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		(400,555)
Prior Year, net		106,049
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	300,957	
State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	<u>(362,795)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	<u>\$ 91,984,300</u>	<u>\$ 2,674,802</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 92,060,349	\$ 2,916,367
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>(294,506)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 92,060,349</u>	<u>\$ 2,621,861</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, 2022

	<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	\$ 278,655	\$ 278,655				
Federal Sources	1,981,738		\$ 1,981,738			
Local Sources	708,915			\$ 252,641	\$ 440,651	\$ 15,623
Total Revenues	<u>\$ 2,969,308</u>	<u>\$ 278,655</u>	<u>\$ 1,981,738</u>	<u>\$ 252,641</u>	<u>\$ 440,651</u>	<u>\$ 15,623</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 134,672		\$ 130,672	\$ 4,000		
Other Salaries	22,772		22,772			
Purchased Professional and Technical Services	1,500			1,500		
Purchased Professional and Educational Services	113,801	\$ 113,801				
Other Purchased Services	978,240		972,740	5,500		
Tuition	221,676		221,676			
General Supplies	234,475	43,758	85,855	104,862		
Textbooks	20,724	20,724				
Total Instruction	<u>1,727,860</u>	<u>178,283</u>	<u>1,433,715</u>	<u>115,862</u>		
Support Services:						
Personnel Services - Employee Benefits	54,626		54,626			
Purchased Professional and Technical Services	52,392		52,017	375		
Purchased Professional and Educational Services	56,349		56,349			
Other Purchased Services	7,998		7,998			
Supplies and Materials	66,833		10,705	56,128		
Other Objects	11,724					\$ 11,724
Student Activities	391,609				\$ 391,609	
Total Support Services	<u>641,531</u>		<u>181,695</u>	<u>56,503</u>	<u>391,609</u>	<u>11,724</u>
Facilities Acquisition and Const. Serv.:						
Bldgs. Other than Lease Purchase Agreements	546,976	100,372	366,328	80,276		
Total Facilities Acquisition and Const. Serv.	<u>546,976</u>	<u>100,372</u>	<u>366,328</u>	<u>80,276</u>		
Total Expenditures	<u>\$ 2,916,367</u>	<u>\$ 278,655</u>	<u>\$ 1,981,738</u>	<u>\$ 252,641</u>	<u>\$ 391,609</u>	<u>11,724</u>
Excess of Revenues Over Expenditures	52,941	-	-	-	49,042	3,899
Fund Balance, July 1	571,982	-	-	-	530,779	41,203
Fund Balance, June 30	<u>\$ 624,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,821</u>	<u>\$ 45,102</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, 2022

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxiliary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Technology Initiative</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Security Aid</u>	<u>SDA Capital and Emergent Needs</u>
REVENUES:								
State Sources	\$ 278,655	\$ 20,724	\$ 3,494	\$ 61,802	\$ 9,529	\$ 38,976	\$ 43,758	\$ 100,372
Total State Revenues	<u>\$ 278,655</u>	<u>\$ 20,724</u>	<u>\$ 3,494</u>	<u>\$ 61,802</u>	<u>\$ 9,529</u>	<u>\$ 38,976</u>	<u>\$ 43,758</u>	<u>100,372</u>
EXPENDITURES:								
Instruction:								
Purchased Professional and Educational Services	\$ 113,801		\$ 3,494	\$ 61,802	\$ 9,529	\$ 38,976		
General Supplies	43,758						\$ 43,758	
Textbooks	<u>20,724</u>	<u>\$ 20,724</u>						
Total Instruction	<u>178,283</u>	<u>20,724</u>	<u>3,494</u>	<u>61,802</u>	<u>9,529</u>	<u>38,976</u>	<u>43,758</u>	
Facilities Acquisition and Const. Serv.:								
Bldgs. Other than Lease Purchase Agreements	<u>100,372</u>							<u>\$ 100,372</u>
Total Facilities Acquisition and Const. Serv.	<u>100,372</u>							<u>100,372</u>
Total Expenditures	<u>278,655</u>	<u>20,724</u>	<u>3,494</u>	<u>61,802</u>	<u>9,529</u>	<u>38,976</u>	<u>43,758</u>	<u>100,372</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	-	-	-	-	-	-	-	-
Fund Balance, June 30	<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, 2022

	Total	E.S.E.A.		I.D.E.A.		COVID-19	
		Title II-A	American Rescue Plan Basic	American Rescue Plan Preschool	Basic	Preschool	CRRSA Act Non-Title I
REVENUES:							
Federal Sources	\$ 1,355,170	\$ 18,334	\$ 183,369	\$ 15,661	\$ 829,358	\$ 26,134	\$ 282,314
Total Federal Revenues	\$ 1,355,170	\$ 18,334	\$ 183,369	\$ 15,661	\$ 829,358	\$ 26,134	\$ 282,314
EXPENDITURES:							
Instruction:							
Other Salaries	1,638						\$ 1,638
Other Purchased Services	972,740		\$ 174,793	\$ 15,661	\$ 756,152	\$ 26,134	
General Supplies	83,952						83,952
Total Instruction	1,058,330		174,793	15,661	756,152	26,134	85,590
Support Services:							
Employee Benefits	205						205
Purchased Professional and Technical Services	52,017	\$ 18,334			33,683		
Purchased Professional and Educational Services	48,099		8,576		39,523		
Other Purchased Services	600						600
Supplies and Materials	10,705						10,705
Total Support Services	111,626	18,334	8,576		73,206	-	11,510
Facilities Acquisition and Const. Serv.:							
Bldgs. Other than Lease Purchase Agreements	185,214						185,214
Total Facilities Acquisition and Const. Serv.	185,214						185,214
Total Expenditures	\$ 1,355,170	\$ 18,334	\$ 183,369	\$ 15,661	\$ 829,358	\$ 26,134	282,314
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2022

	Total	COVID-19 CRRSA Act		Add'l Compensatory		American Rescue Plan - ESSER III		
		Accelerated Learning	Mental Health Relief Fund	Related Services ACSERS	Non-Title I	Coach and Educator Support	Beyond the School Day	NJTSS Mental Health Support
REVENUES:								
Federal Sources	\$ 626,568	\$ 11,301	\$ 29,780	\$ 221,676	\$ 239,449	\$ 102,347	\$ 5,562	\$ 16,453
Total Federal Revenues	\$ 626,568	\$ 11,301	\$ 29,780	\$ 221,676	\$ 239,449	\$ 102,347	\$ 5,562	\$ 16,453
EXPENDITURES:								
Instruction:								
Salaries of Teachers	130,672				\$ 38,098	\$ 76,662	\$ 5,167	\$ 10,745
Other Salaries	21,134	\$ 4,906	\$ 16,228					
Other Purchased Services	-							
Tuition	221,676			\$ 221,676				
General Supplies	1,903	1,680				223		
Total Instruction	375,385	6,586	16,228	221,676	38,098	76,885	5,167	10,745
Support Services:								
Employee Benefits	54,421	465	2,154		20,237	25,462	395	5,708
Purchased Professional and Technical Services	-							
Purchased Professional and Educational Services	8,250	4,250	4,000					
Other Purchased Services	7,398		7,398					
Supplies and Materials	-							
Total Support Services	70,069	4,715	13,552		20,237	25,462	395	5,708
Facilities Acquisition and Const. Serv.:								
Bldgs. Other than Lease Purchase Agreements	181,114				181,114			
Total Facilities Acquisition and Const. Serv.	181,114				181,114	-	-	-
Total Expenditures	\$ 626,568	\$ 11,301	\$ 29,780	\$ 221,676	\$ 239,449	\$ 102,347	\$ 5,562	\$ 16,453
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, July 1	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LONG-TERM DEBT

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Long-term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2022**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2022</u>		<u>Interest Rate</u>	<u>Balance July 1, 2021</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000	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%	\$ 14,685,000	\$ 415,000	\$ 14,270,000
			Refunding Bonds - Series 2014B	11/7/2014	12,270,000	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%				6,275,000	1,135,000	5,140,000
School Bonds - Series 2017	1/12/2017	15,864,000	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>13,955,000</u>	<u>730,000</u>	<u>13,225,000</u>
						<u>\$ 34,915,000</u>	<u>\$ 2,280,000</u>	<u>\$ 32,635,000</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Long - Term Debt
Schedule of Financed Purchases and Leases Payable
Year Ended June 30, 2022**

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2021 as restated</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
Financed Purchases						
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	\$ 3,536,718		\$ 243,803	\$ 3,292,915
Total financed purchases			<u>3,536,718</u>		<u>243,803</u>	<u>3,292,915</u>
Leases Payable						
Copiers	5.00%	\$ 27,727		\$ 27,727	\$ 1,228	\$ 26,499
Copiers	5.00%	27,627		27,627	3,731	23,896
Copiers	2.90%	7,423	\$ 7,423		7,423	-
Copiers	4.85%	65,805	65,805		20,744	45,061
Copiers	3.65%	132,880	132,879		36,253	96,626
Copiers	3.10%	204,677		204,677	31,890	172,787
			<u>206,107</u>	<u>260,031</u>	<u>101,269</u>	<u>364,869</u>
Total Financed Purchases and Leases Payable			<u>\$ 3,742,825</u>	<u>\$ 260,031</u>	<u>\$ 345,072</u>	<u>\$ 3,657,784</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**

**Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,325,299		\$ 3,325,299	\$ 3,325,299	
State Sources:					
Debt Service Aid Type II	230,660		230,660	230,660	
Total Revenues	<u>3,555,959</u>		<u>3,555,959</u>	<u>3,555,959</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,280,000		2,280,000	2,280,000	
Interest on Bonds	1,296,275		1,296,275	1,296,275	
Total Regular Debt Service	<u>3,576,275</u>		<u>3,576,275</u>	<u>3,576,275</u>	
Total Expenditures	<u>3,576,275</u>		<u>3,576,275</u>	<u>3,576,275</u>	
Change in Net Position	(20,316)		(20,316)	(20,316)	
Fund Balance, July 1	<u>22,066</u>	<u>-</u>	<u>22,066</u>	<u>22,066</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ -</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

	2013	2014 (as restated)	2015	2016	As of June 30, 2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 46,525,707
Restricted	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	6,689,926
Unrestricted (deficit)	590,645	3,388,935	(12,503,280)	(13,032,813)	(14,518,357)	(14,155,678)	(15,580,439)	(16,068,657)	(13,914,141)	(10,352,988)
Total governmental activities net position	\$ 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	\$ 42,862,645
Business-type activities										
Investment in capital assets	\$ 200,539	\$ 213,504	\$ 206,588	\$ 283,085	\$ 263,901	\$ 249,847	\$ 481,919	\$ 456,053	\$ 416,155	\$ 483,092
Unrestricted (deficit)	94,843	131,301	206,978	144,516	246,940	363,078	237,468	140,853	(101,886)	(149,290)
Total business-type activities net position	\$ 295,382	\$ 344,805	\$ 413,566	\$ 427,601	\$ 510,841	\$ 612,925	\$ 719,387	\$ 596,906	\$ 314,269	\$ 333,802
Government-wide										
Net investment in capital assets	\$ 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	\$ 47,008,799
Restricted	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	6,689,926
Unrestricted (deficit)	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)	(10,502,278)
Total government-wide net position	\$ 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	\$ 43,196,447

Source: ACFR Schedule A-1 and District records.

Notes:

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 Chathams
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 55,397,080
Support services:										
Student and instruction related services	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	13,903,874
School administration services	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	2,683,200
General and Business administration services	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	6,102,985
Operation and Maintenance of Plant Services	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	8,590,334
Student transportation services	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	3,687,711
Special Schools	172,554	240,248	250,999	290,374	318,195	306,429	279,176	314,075	391,432	401,287
Charter Schools	9,821	20,005					32,757			31,574
Interest and other costs on long term debt	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	1,140,271
Total governmental activities	<u>64,489,368</u>	<u>67,544,785</u>	<u>76,665,613</u>	<u>80,671,407</u>	<u>89,651,806</u>	<u>95,864,446</u>	<u>89,175,936</u>	<u>87,794,289</u>	<u>89,829,736</u>	<u>91,938,316</u>
Business-type activities:										
Food service	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	1,530,093
Total business-type activities expense	<u>956,075</u>	<u>1,060,277</u>	<u>1,078,795</u>	<u>1,207,014</u>	<u>1,171,771</u>	<u>1,234,757</u>	<u>1,241,311</u>	<u>1,027,281</u>	<u>388,524</u>	<u>1,530,093</u>
Total government-wide expenses	<u>\$ 65,445,443</u>	<u>\$ 68,605,062</u>	<u>\$ 77,744,408</u>	<u>\$ 81,878,421</u>	<u>\$ 90,823,577</u>	<u>\$ 97,099,203</u>	<u>\$ 90,417,247</u>	<u>\$ 88,821,570</u>	<u>\$ 90,218,260</u>	<u>\$ 93,468,409</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 174,243	\$ 238,138	\$ 251,032	\$ 179,845	\$ 165,429	\$ 109,908	\$ 112,560	\$ 354,253	\$ 266,954	\$ 779,020
Pupil transportation	117,344	128,015	134,560	132,526	157,648	172,298	171,743	99,496		119,128
Student and instruction related services (student activities)									245,733	440,651
Operating grants and contributions	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	2,042,800
Capital grants and contributions	2,997	76,981	68,753	248,586	265,746	168,898	119,720	155,339	101,250	191,351
Total governmental activities program revenues	<u>1,745,667</u>	<u>1,673,785</u>	<u>1,866,953</u>	<u>1,929,090</u>	<u>1,849,539</u>	<u>1,896,101</u>	<u>1,650,831</u>	<u>1,710,962</u>	<u>2,132,371</u>	<u>3,572,950</u>
Business-type activities:										
Charges for services										
Food service	891,004	1,018,241	1,063,569	1,127,623	1,166,780	1,248,527	1,266,481	852,827	86,047	761,744
Operating grants and contributions	91,155	91,459	83,987	93,426	88,231	88,314	81,292	51,973	19,840	692,338
Capital grants and contributions										95,544
Total business type activities program revenues	<u>982,159</u>	<u>1,109,700</u>	<u>1,147,556</u>	<u>1,221,049</u>	<u>1,255,011</u>	<u>1,336,841</u>	<u>1,347,773</u>	<u>904,800</u>	<u>105,887</u>	<u>1,549,626</u>
Total government-wide program revenues	<u>\$ 2,727,826</u>	<u>\$ 2,783,485</u>	<u>\$ 3,014,509</u>	<u>\$ 3,150,139</u>	<u>\$ 3,104,550</u>	<u>\$ 3,232,942</u>	<u>\$ 2,998,604</u>	<u>\$ 2,615,762</u>	<u>\$ 2,238,258</u>	<u>\$ 5,122,576</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (88,365,366)
Business-type activities	26,084	49,423	68,761	14,035	83,240	102,084	106,462	(122,481)	(282,637)	19,533
Total government-wide net (expense)/revenue	<u>\$ (62,717,617)</u>	<u>\$ (65,821,577)</u>	<u>\$ (74,729,899)</u>	<u>\$ (78,728,282)</u>	<u>\$ (87,719,027)</u>	<u>\$ (93,866,261)</u>	<u>\$ (87,418,643)</u>	<u>\$ (86,205,808)</u>	<u>\$ (87,980,002)</u>	<u>\$ (88,345,833)</u>

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

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 67,913,722
Taxes levied for debt service	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	3,325,299
Unrestricted grants and contributions	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	20,269,090
Investment earnings	8,148	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618	38,796
Miscellaneous income	1,105,493	366,796	434,592	543,828	781,108	471,789	649,444	579,693	406,475	483,531
Total governmental activities	<u>65,534,980</u>	<u>66,307,464</u>	<u>75,372,443</u>	<u>79,474,350</u>	<u>86,965,440</u>	<u>94,304,153</u>	<u>89,123,309</u>	<u>88,757,598</u>	<u>91,467,860</u>	<u>92,030,438</u>
Total district-wide	<u>\$ 65,534,980</u>	<u>\$ 66,307,464</u>	<u>\$ 75,372,443</u>	<u>\$ 79,474,350</u>	<u>\$ 86,965,440</u>	<u>\$ 94,304,153</u>	<u>\$ 89,123,309</u>	<u>\$ 88,757,598</u>	<u>\$ 91,467,860</u>	<u>\$ 92,030,438</u>
Change in Net Position										
Governmental activities	\$ (336,020)	\$ (8,491,196)	\$ (3,369,874)	\$ (8,327,917)	\$ (7,002,905)	\$ 335,808	\$ 3,039,982	\$ 1,060,233	\$ 3,770,495	\$ 3,665,072
Business-type activities	49,423	68,761	14,035	83,240	102,084	102,084	(122,481)	(282,637)	(282,637)	19,533
Total district	<u>\$ (286,597)</u>	<u>\$ (8,422,435)</u>	<u>\$ (3,355,839)</u>	<u>\$ (8,244,677)</u>	<u>\$ (6,900,821)</u>	<u>\$ 437,892</u>	<u>\$ 2,917,501</u>	<u>\$ 777,596</u>	<u>\$ 3,487,858</u>	<u>\$ 3,684,605</u>

Source: ACFR Schedule A-2 and District records.

Note:

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

	As of June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$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	\$ 6,065,003
Assigned	465,868	3,281,687	594,228	559,139	814,350	1,804,779	551,785	199,990	357,072	1,386,433
Unassigned	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	3,348,366
Total general fund	<u>\$8,049,838</u>	<u>\$ 7,892,288</u>	<u>\$ 4,848,145</u>	<u>\$ 5,307,203</u>	<u>\$ 6,096,909</u>	<u>\$ 6,146,353</u>	<u>\$ 4,873,639</u>	<u>\$ 6,868,331</u>	<u>\$ 10,875,851</u>	<u>\$ 10,799,802</u>
Special Revenue Fund										
Restricted for Student Activities									\$ 530,779	\$ 579,821
Restricted for Scholarships									41,203	45,102
Total special revenue fund									<u>\$ 571,982</u>	<u>\$ 624,923</u>
All Other Governmental Funds										
Restricted	\$ 230,250	\$ 297,840	\$ 506,327	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306	\$ 22,066	\$ 1,750
Total all other governmental funds	<u>\$ 230,250</u>	<u>\$ 297,840</u>	<u>\$ 506,327</u>	<u>\$ 1,159,820</u>	<u>\$ 15,713,076</u>	<u>\$ 4,971,947</u>	<u>\$ 2,651,569</u>	<u>\$ 69,306</u>	<u>\$ 22,066</u>	<u>\$ 1,750</u>

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
 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	Facility Use Fees	Prior Year Refunds	Miscellaneous	Energy Savings Rebates	Legal Settlement	Transportation Fees	Annual Totals
2013	\$ 174,243	\$ 8,148	\$ 63,439	\$ 63,899	\$ 235,757		\$ 721,000	\$ 117,344	\$ 1,383,830
2014	238,138	6,137	83,677	49,876	233,243			134,560	745,631
2015	251,032	4,086	70,583	108,139	255,870			134,560	824,270
2016	179,845	4,689	10,720	136,983	396,125			132,526	860,888
2017	165,429	5,583	11,000	162,348	326,526	\$ 281,234		157,648	1,109,768
2018	109,908	17,809	11,360	58,805	401,624			172,298	771,804
2019	112,560	101,791	69,065	192,000	388,379			171,743	1,035,538
2020	354,253	144,577	54,910	112,264	412,519			99,496	1,178,019
2021	266,954	59,868		125,904	280,571				733,297
2022	779,020	38,796	54,434	121,691	307,406			119,128	1,420,475

Source: District records

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

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities ^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													
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	1,806,178,600	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	2,084,133,020	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	2,097,048,337	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	1,855,486,000	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	1.309
2022	9,359,900	1,865,478,800	None	1,600	199,304,700	21,522,500	38,985,400	1,039,181	2,135,692,081	140,274,300	1,995,417,781	2,570,574,457	1.380
Township of Chatham													
2013	24,266,400	2,792,025,700	9,623,300	163,700	120,198,900	13,725,100	51,000,000	*	3,011,003,100	*	*	3,242,032,506	*
2014	17,697,800	2,830,794,100	10,070,500	171,200	120,623,800	13,725,100	51,000,000	*	3,044,082,500	*	*	*	*
2015	21,646,700	2,865,962,000	10,070,500	171,200	120,375,700	1,285,800	51,315,000	*	3,070,826,900	*	*	*	*
2016	22,256,100	2,896,911,700	10,659,500	175,700	120,444,400	1,285,800	51,390,000	1,314,985	3,104,438,185	192,738,700	2,911,699,485	3,435,967,433	1.174
2017	26,831,600	2,933,199,800	10,677,800	172,500	120,530,400	1,285,800	51,680,000	1,290,785	3,145,668,685	192,949,600	2,952,719,085	3,513,441,057	1.196
2018	15,087,200	2,991,085,700	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	197,001,800	3,101,557,870	3,724,253,675	1.215
2022	16,994,500	3,127,489,200	7,843,000	103,700	120,466,700	1,285,800	51,740,000	1,699,669	3,327,622,569	198,230,300	3,129,392,269	3,722,559,158	1.228

Source:Table of Aggregates

Note:

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

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

b Tax rates are per \$100

* Information not available

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

Unaudited

Year Ended December 31,	School District of the Chathams Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipality	Morris County	
Borough of Chatham						
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
2022	1.32	0.06	1.38	N/A	N/A	N/A
Township of Chatham						
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
2022	1.18	0.05	1.23	N/A	N/A	N/A

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

	2022			2013	
	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%	Normandy Chatham, LLC	\$ 12,742,100	0.62%
26 Main Street Chatham LLC	10,600,000	0.50%	S/K Chatham Associates	11,794,800	0.57%
MHP Chatham Portfolio LLC (USPF Chatham	10,004,500	0.47%	One Main Street Associates	9,000,000	0.44%
One Main Street Associates	9,091,700	0.43%	Chatham Project, LLC	7,310,000	0.36%
Town Square Partners	7,854,000	0.37%	Levin Properties, LP	6,884,600	0.33%
Chatham Project, LLC	7,310,000	0.34%	J. Apgar	6,880,100	0.33%
Levin Properties, LP	7,194,500	0.34%	Foresome Group	6,610,600	0.32%
Foresome Group	6,613,600	0.31%	Town Square Partners	5,734,000	0.28%
Weill, Maurice M Trustee	4,127,500	0.19%	Silverman Group	4,530,500	0.22%
Jackson House Apartments, LLC	3,800,000	0.18%	Jackson House Apartments	3,800,000	0.18%
Total	\$78,390,600	3.67%	Total	\$ 75,286,700	3.66%
Township of Chatham					
	2022			2013	
Chatham Holder LLC	\$ 41,740,000	1.25%	Home Properties Chatham Hill, LLC	\$ 41,000,000	1.37%
Hickory Square Associates LP	22,360,000	0.67%	Hickory Square Associates LP	22,360,000	0.75%
Fairmount Country Club	22,026,400	0.66%	Fairmount Country Club	18,012,500	0.60%
Texas Eastern Transmission Corp.	14,936,500	0.45%	Texas Eastern Transmission Corp.	15,127,200	0.51%
Transcontinental Gas Pipeline Corp.	10,198,800	0.31%	Giralda Farms	11,881,800	0.40%
Chatham Hills, Inc.	10,000,000	0.30%	Transcontinental Gas Pipeline Corp	10,198,800	0.34%
Juniper Assisted Living Residence	9,666,000	0.29%	Chatham Hills, Inc.	10,000,000	0.34%
ToII NJ I LLC	9,000,000	0.27%	Juniper Assisted Living Residence	9,666,000	0.32%
Chatham Hills Realty LLC-Carerite	7,602,000	0.23%	Hanks and Condon, LLC	7,466,000	0.25%
Chatham Mall Assoc LLC	6,000,000	0.18%	Chatham Mall Assoc, LLC	7,116,200	0.24%
Total	\$ 153,529,700	4.61%	Total	\$ 152,828,500	5.12%

Source: District ACFR & Municipal Tax Assessor.

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

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year - School District of the Chathams	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2022	71,239,021	71,239,021	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	
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	45,652,453	45,341,619	99.32%	263,470
2022	*	*	*	*

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	
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	64,463,034	64,337,307	99.80%	*
2022	*	*	*	*

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	Financed Purchases and Leases			
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	3,742,825	38,657,825	**	**
2022	32,635,000	3,657,784	36,292,784	**	**

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

<u>General Bonded Debt Outstanding</u>						
Year Ended June 30,	General Obligation Bonds	Financed Purchases and Leases	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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	3,742,825	22,066	38,635,759	1.95%	**
2022	32,635,000	3,657,784	1,750	36,291,034	1.82%	**

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, 2022**

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>\$ 32,635,000</u>
 Total direct and overlapping debt			 <u><u>\$ 32,635,000</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 2022

	Chatham Borough	Chatham Township ^a	Equalized Valuation Basis Total
2022	\$2,570,574,457	\$3,722,559,158	\$6,293,133,615
2021	2,577,388,228	3,724,253,675	6,301,641,903
2020	2,634,053,912	3,686,534,041	6,320,587,953
	<u>\$7,782,016,597</u>	<u>\$11,133,346,874</u>	<u>\$18,915,363,471</u>
Average equalized valuation of taxable property			<u>\$ 6,305,121,157</u>
Debt limit (4% of average equalization value)			\$ 252,204,846 ^a
Total Net Debt Applicable to Limit			<u>32,633,250</u>
Legal debt margin			<u>\$ 219,571,596</u>

Year ended June 30:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 225,178,266	\$ 226,094,287	\$ 226,126,861	\$ 228,700,926	\$ 233,870,400	\$ 236,442,812	\$ 241,533,977	\$ 249,965,920	\$ 249,606,396	\$ 252,204,846
Total net debt applicable to limit	<u>34,325,000</u>	<u>33,055,000</u>	<u>29,067,603</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>	<u>32,633,250</u>
Legal debt margin	<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>\$ 211,176,744</u>	<u>\$ 219,571,596</u>
Total net debt applicable to the limit as a percentage of debt limit	15.24%	14.62%	12.85%	14.42%	20.20%	19.15%	15.64%	16.33%	15.40%	12.94%

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

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

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

Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita</u>	<u>Unemployment</u>
Borough of Chatham				
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	9,253	**	**	3.40%
2022	*	**	**	**
Township of Chatham				
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	10,935	**	**	3.70%
2022	*	**	**	**

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>2022</u>		<u>2013</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.

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

Unaudited

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	286.00	292.90	292.90	299.90	302.40	315.50	322.41	333.00	330.70	340.70
Special Education	95.30	120.30	127.80	133.90	135.40	141.20	144.29	149.03	148.00	153.00
Support Services										
Student & instruction related services	36.60	30.40	30.40	30.40	31.40	32.80	33.52	34.62	34.40	38.40
General administrative services	10.40	5.00	5.00	5.00	6.00	6.10	6.23	6.43	6.40	6.40
School administrative services	28.50	35.70	35.70	35.70	35.70	37.20	38.01	39.26	39.00	40.00
Business administrative services	8.00	8.00	8.00	8.00	8.00	8.40	8.58	8.86	8.80	9.00
Plant operation & maintenance	42.90	44.00	45.00	45.00	45.00	47.20	48.23	49.80	49.50	49.00
Pupil transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>508.70</u>	<u>537.30</u>	<u>545.80</u>	<u>558.90</u>	<u>564.90</u>	<u>589.40</u>	<u>602.27</u>	<u>622.00</u>	<u>617.80</u>	<u>637.50</u>

Source: District Personnel Records
and 2022 budget support document.

**School District of the Chathams
Operating Statistics
Last Ten Fiscal Years**

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures ^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
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%
2022	3,780	91,342,921	24,165	28.70%	368.00	16.8:1	13.5:0	13.1:0	3,764	3,580	-3.09%	95.13%

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).

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

Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
Milton Avenue School (1948)										
Square Feet	42,050	42,050	42,050	42,050	42,050	42,050	42,184	42,184	42,184	42,184
Capacity (students)	336	336	336	336	336	336	477	477	477	477
Enrollment	389	370	364	356	356	291	274	282	284	295
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	463	452	456	464	464	499	468	434	414	379
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	444	457	433	428	397	377	349	328	314	299
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	695	709	680	652	691	696	679	659	592	575
<u>Middle School</u>										
Chatham Middle School (1957)										
Square Feet	191,720	191,720	191,720	191,720	191,720	178,170	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	961	941	991	1,054	1,086	1,037	1,036	995	984	920
<u>High School</u>										
Chatham High School (1962)										
Square Feet	237,730	237,730	237,730	237,730	243,790	237,730	243,790	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	1,157	1,201	1,188	1,198	1,239	1,272	1,310	1,341	1,312	1,262

Number of Schools at June 30, 2022
 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**

<u>Year ended June 30</u>	<u>Chatham HS</u>	<u>Chatham MS</u>	<u>Lafayette Avenue School</u>	<u>Washington Avenue School</u>	<u>Southern Blvd School</u>	<u>Milton Avenue School</u>	<u>Total</u>
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	542,108	396,191	161,639	138,090	170,978	93,803	1,502,809
2022	565,896	413,575	168,731	144,149	178,480	97,919	1,568,750
Grand Total School Facilities	<u>\$7,074,997</u>	<u>\$4,995,843</u>	<u>\$2,195,838</u>	<u>\$1,549,858</u>	<u>\$2,093,123</u>	<u>\$1,468,007</u>	<u>\$19,377,666</u>

* 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 Chatham
Insurance Schedule
Year ended June 30, 2022**

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - Utica		
Property - Blanket, building and contents	\$ 200,264,560	\$ 2,500
Property - Equipment Breakdown	200,264,560	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	25,000,000	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	360,000	
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**

We have audited, in accordance with the 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 ("*Government Auditing Standards*"), 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 17, 2023.

Report on Internal Control Over Financial Reporting

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

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

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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

Report on 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 17, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States ("Government Auditing Standards"), the audit 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

**Honorable President and Members
of the Board of Education
School District of the Chathams**

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 17, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance July 1, 2021	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2022		Amounts Provided to Subrecipients
					From	To							(Accounts Receivable)	Unearned Revenue	
General Fund:															
U.S. Department of Homeland Security - Passed															
Through State Department of Law and Public Safety:															
Public Assistance Grants - New Jersey Severe Winter Storm And Snowstorm	97.036	Not available	N/A	\$ 32,266	N/A	N/A			\$ 32,266	\$ (32,266)					
Public Assistance Grants - New Jersey Covid-19 Pandemic	97.036	Not available	N/A	78,767	N/A	N/A			78,767	(78,767)					
Total U.S. Department of Homeland Security															
Through State Department of Law and Public Safety:									111,033	(111,033)					
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	\$ 3,911			(3,911)					
Food Donation Program (NC)	10.555	201NJ304N1099	N/A	29,130	7/1/2021	6/30/2022			29,130	(24,740)			\$ 4,390		
National School Lunch Program	10.555	211NJ304N1099	N/A	6,061	7/1/2020	6/30/2021	(350)		350						
National School Lunch Program	10.555	201NJ304N1099	N/A	697,888	7/1/2021	6/30/2022			649,033	(697,888)		\$ (48,855)			
Child Nutrition Program Emergency Operating Costs - COVID-19	10.555	201NJ304N1099	N/A	6,599	7/1/2021	6/30/2022			6,599	(6,599)					
Total Child Nutrition Program Cluster							3,561		685,112	(733,138)			(48,855)	4,390	
National School Lunch Program - Equipment Assistance	10.579	Not available	N/A	10,962	7/1/2021	6/30/2022			10,962	(10,962)					
COVID-19 Pandemic EBT Administration	10.649	202221S900941	N/A	614	7/1/2020	6/30/2022			614	(614)					
COVID-19 Pandemic EBT Administration	10.649	202221S900941	N/A	628	7/1/2021	6/30/2022			628	(628)					
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	211NJ304N1099	N/A	246	7/1/2020	6/30/2021	(15)		15						
Total U.S. Department of Agriculture Passed - Through State Department of Agriculture							3,546		697,331	(745,342)			(48,855)	4,390	
Special Revenue Fund:															
U.S. Department of Education Passed -															
Through State Department of Education:															
E.S.E.A. Title II A	84.367A	S367A200029	N/A	37,593	7/1/2020	9/30/2021	(12,505)		12,505						
E.S.E.A. Title II A	84.367A	S367A190029	N/A	38,493	7/1/2021	9/30/2022			18,334	(18,334)					
Education Stabilization Fund:															
COVID-19 CARES Act Education Stabilization Fund	84.425D	S425D210027	N/A	78,259	3/13/2020	9/30/2023	(5,467)		5,467						
COVID-19 CRRSA Act - Non-Title I	84.425D	S425D210027	N/A	401,209	3/13/2020	9/30/2023	(82,897)		247,573	(282,314)			(117,638)		
COVID-19 CRRSA Act - Learning Acceleration	84.425D	S425D210027	N/A	17,580	3/13/2020	9/30/2023	(7,420)		14,118	(11,301)			(4,603)		
COVID-19 CRRSA Act - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	(13,605)		38,222	(29,780)			(5,163)		
American Rescue Plan - ESSER III - Non-Title I	84.425U	S425U210027	N/A	802,418	3/13/2020	9/30/2024			27,815	(239,449)			(211,634)		
American Rescue Plan - ESSER III - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	N/A	301,869	3/13/2020	9/30/2024			62,923	(102,347)			(39,424)		
American Rescue Plan - ESSER III - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024			5,300				5,300		
American Rescue Plan - ESSER III - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024			8,410	(5,562)			2,848		
American Rescue Plan - ESSER III - NJTSS Mental Health Support Staffing	84.425U	S425U210027	N/A	45,000	3/13/2020	9/30/2024				(16,453)			(16,453)		
Total Education Stabilization Fund							(109,389)		409,828	(687,206)			(394,915)	8,148	
Special Education Cluster:															
American Rescue Plan - I.D.E.A. Part B, Basic	84.027X	H027X210100	N/A	183,369	7/1/2021	9/30/2022			178,599	(183,369)			(4,770)		
I.D.E.A. Part B, Basic	84.027A	H027A190100	N/A	884,306	7/1/2021	9/30/2022			772,817	(829,358)			(56,541)		
I.D.E.A. Part B, Basic	84.027A	H027A200100	N/A	944,602	7/1/2020	9/30/2021	(140,456)		140,456						
American Rescue Plan - I.D.E.A. Preschool	84.173X	H173X210114	N/A	15,661	7/1/2021	9/30/2022			15,661	(15,661)					
I.D.E.A. Preschool	84.173	H173A200114	N/A	26,134	7/1/2021	9/30/2022			26,134	(26,134)					
I.D.E.A. Preschool	84.173	H173A200114	N/A	49,971	7/1/2020	9/30/2021	(19,113)		19,113						
I.D.E.A. Preschool	84.173	H173A200114	N/A	49,404	7/1/2019	9/30/2020			24,368				(24,368)		
Subtotal of Special Education Cluster							(183,937)		1,177,148	(1,054,522)			(61,311)		
Subtotal of US Department of Education Passed - through State Department of Education:							(305,831)		1,617,815	(1,760,062)			(456,226)	8,148	
U.S. Department of Treasury Passed -															
Through State Department of Treasury:															
Additional or Compensatory Special Education and Related Services for Students with Disabilities															
	21.027	SLFRFDOE1SE5	N/A	221,676	3/1/2021	12/31/2024			124,751	(221,676)			(96,925)		
Total U.S. Department of Treasury Passed - Through State Department of Treasury:									124,751	(221,676)			(96,925)		
Total Special Revenue Fund							(305,831)		1,742,566	(1,981,738)			(553,151)	8,148	
Total expenditures of Federal Awards															
							\$ (302,285)	\$ -	\$ 2,550,930	\$ (2,838,113)	\$ -	\$ -	\$ (602,006)	\$ 12,538	\$ -

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Award Amount	Balance July 1, 2021	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022			MEMO	
		From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Categorical Special Education Aid	495-034-5120-089	7/1/2021	6/30/2021	\$ 2,259,157			\$ 216,322							
Transportation Aid	495-034-5120-014	7/1/2020	6/30/2021	2,878,541			2,600,975	(2,878,541)						
Transportation Aid	495-034-5120-014	7/1/2021	6/30/2022	723,961			69,322							
Security Aid	495-034-5120-084	7/1/2020	6/30/2021	159,916			15,313	(723,961)						
Security Aid	495-034-5120-084	7/1/2021	6/30/2022	159,916			144,496	(159,916)						
Extraordinary Aid	100-034-5120-473	7/1/2020	6/30/2021	581,491	\$ (581,491)		581,491							
Extraordinary Aid	100-034-5120-473	7/1/2021	6/30/2022	982,216				(982,216)						
Non-Public School Transportation Aid	495-034-5120-014	7/1/2020	6/30/2021	82,697	(82,697)		82,697							
Non-Public School Transportation Aid	495-034-5120-014	7/1/2021	6/30/2022	107,719				(107,719)						
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/2021	6/30/2022	12,380,592			12,380,592	(12,380,592)						
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	495-034-5095-001	7/1/2020	6/30/2022	2,892,607			2,892,607	(2,892,607)						
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-004	7/1/2020	6/30/2022	5,015			5,015	(5,015)						
Reimbursed TPAF Social Security Contribution	495-034-5094-003	7/1/2020	6/30/2021	2,343,129	(231,441)		231,441							
Reimbursed TPAF Social Security Contribution	495-034-5094-003	7/1/2021	6/30/2022	2,470,341			2,347,512	(2,470,341)						
Total State Department of Education:							22,221,935	(22,600,908)						
Schools Development Authority														
Schools Security Grant (Alyssa's Law)	100-034-5120-588-001	4/1/2021	3/31/2023	234,432	(234,432)		201,382							
Total School Development Authority							201,382							
Total General Fund							22,423,317	(22,600,908)						
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbook Aid	100-034-5120-064	7/1/2020	6/30/2021	18,816	2,918									
Textbook Aid	100-034-5120-064	7/1/2021	6/30/2022	20,886			20,886	(20,724)						
Auxiliary Services:														
Compensatory Education	100-034-5120-067	7/1/2020	6/30/2021	8,709	323									
Compensatory Education	100-034-5120-067	7/1/2021	6/30/2022	8,062			8,062	(3,494)						
Handicapped Services:														
Examination and Classification	100-034-5120-066	7/1/2020	6/30/2021	31,031										
Examination and Classification	100-034-5120-066	7/1/2021	6/30/2022	36,023			36,023	(30,719)						
Corrective Speech	100-034-5120-066	7/1/2020	6/30/2021	11,575	1,550									
Corrective Speech	100-034-5120-066	7/1/2021	6/30/2022	11,160			11,160	(6,138)						
Supplementary Instruction	100-034-5120-066	7/1/2020	6/30/2021	26,713	728									
Supplementary Instruction	100-034-5120-066	7/1/2021	6/30/2022	25,276			25,276	(24,945)						
Security Aid	100-034-5120-509	7/1/2020	6/30/2021	53,900	9,972									
Security Aid	100-034-5120-509	7/1/2021	6/30/2022	60,900			60,900	(43,758)						
Technology Aid	100-034-5120-373	7/1/2021	6/30/2022	14,616			14,616	(9,529)						
Nursing Services	100-034-5120-070	7/1/2021	6/30/2022	38,976			38,976	(38,976)						
Total Nonpublic Aid							215,899	(178,283)						
Schools Development Authority														
Emergent and Capital Maintenance Needs	Not available	4/1/2021	3/31/2023	100,372			100,372	(100,372)						
Total School Development Authority							100,372	(100,372)						
Total Special Revenue Fund							215,899	(278,655)						
Debt Service Fund:														
Debt Service Aid	495-034-5120-075	7/1/2021	6/30/2022	230,660			230,660	(230,660)						
Total Debt Service Fund							230,660	(230,660)						
Enterprise Fund:														
State School Lunch Program	100-010-3350-023	7/1/2020	6/30/2021	1,560	(55)		55							
State School Lunch Program	100-010-3350-023	7/1/2021	6/30/2022	16,402			15,278	(16,402)						
Total Enterprise Fund							15,333	(16,402)						
Total All Funds / Total Expenditures of State Financial Assistance							\$ 22,885,209	\$ (23,126,625)						
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/2021	6/30/2022	12,380,592			12,380,592	(12,380,592)						
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	495-034-5095-001	7/1/2020	6/30/2022	2,892,607			2,892,607	(2,892,607)						
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	495-034-5094-004	7/1/2020	6/30/2022	5,015			5,015	(5,015)						
Total State Financial Assistance Subject to Single Audit Determination							\$ 7,606,995	\$ (7,848,411)						

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, 2022

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, 2022. 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, 2022

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 except for 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 recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$61,838 for the general fund and \$294,506 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:

	Federal	State	Total
General Fund	\$ 111,033	\$ 22,539,070	\$ 22,650,103
Special Revenue Fund	1,794,836	178,283	1,973,119
Debt Service Fund		230,660	230,660
Food Service Enterprise Fund	745,342	16,402	761,744
Total financial award revenues	<u>\$ 2,651,211</u>	<u>\$ 22,964,415</u>	<u>\$ 25,615,626</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$289,628 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, 2022

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, 2022. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2022 amounted to \$15,278,214. 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, 2022

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:

Assistance Listing Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027,84.173, 84.027X, 84.173X	H173A210114/ H027A210100 H027X210100/H173X210114	IDEA Part B, Basic and Preschool (Special Education Cluster)
84.425D/84.425U	S425D210027/ S425U210027	COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

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, 2022

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
495-034-5120-XXX	State Aid Cluster
495-034-5120-014	Transportation Aid
100-034-5120-473	Extraordinary Aid

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, 2022

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, 2022

**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, 2022

No prior year findings were noted.