

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, 2023*

School District of the Chathams

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School District of the Chathams

Chatham, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Prepared by

Business Office

INTRODUCTORY SECTION



School District of the Chathams

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

Peter Daquila
Business Administrator/
Board Secretary

December 4, 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, 2023, 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 2022/2023 fiscal year with an average daily enrollment of 3,549 students, which is a decrease of 215 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>
2022/2023	3,549	(5.7)%
2021/2022	3,764	(3.2)%
2020/2021	3,891	(3.6)%
2019/2020	4,041	(1.7)%
2018/2019	4,112	(1.3)%

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 \$5,453,541,200 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, 2023.

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, 2023, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

8. FINANCIAL STATUS:

The business administrator and the finance committee continue to guide the district with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from Chatham Borough and Chatham Township. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price. The District has utilized the capital reserve balance to fund capital improvements at all of the schools instead of incurring additional debt. The taxpayers approved a \$15,864,300 referendum in September 2016. The referendum was for six (6) projects which include renovating the Chatham High School auditorium, renovating the Chatham Middle School auditorium, a STEM classroom addition at the Chatham Middle School, a four (4) classroom addition at the Milton Avenue School, various improvements at the Cougar Field complex and partial roof replacements at three (3) schools.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of 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,



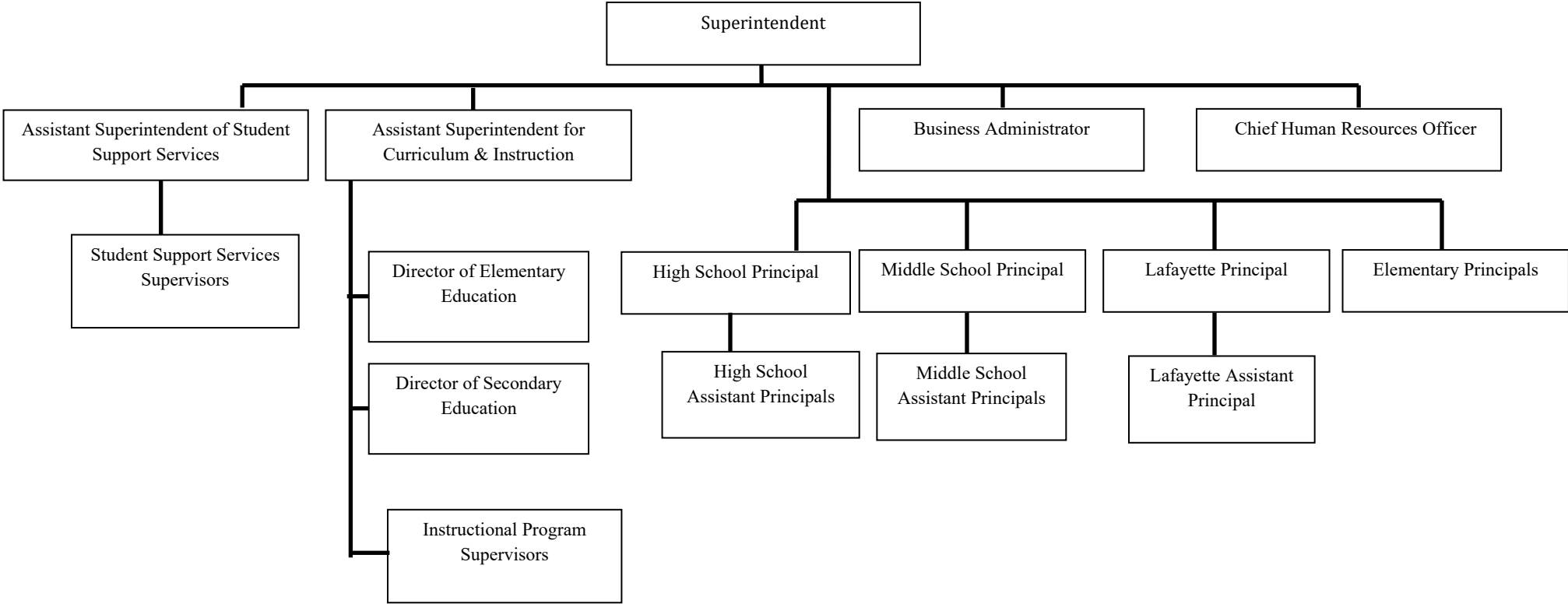
Dr. Michael LaSusa
Superintendent



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, 2023

Members of the Board of Education

	<u>Expires</u>
Jill Critchley Weber, President	2023
Ann Ciccarelli, Vice President	2024
Michelle Clark	2024
Christopher Delsandro	2025
Lata Kenney	2024
Michael Ryan	2023
Susan Ross	2025
Bradley Smith	2023
Yinglu Zhang	2025

Other Officers

Dr. Michael LaSusa, Superintendent of Schools

Peter Daquila, RSBA, Business Administrator/Board Secretary

Patricia Sewak, 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, 2023

Architects

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Independent Auditors

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

Citizens 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, 2023, 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, 2023, 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.

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.

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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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.

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.

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

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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, 2023. 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 December 4, 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
December 4, 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, 2023

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, 2023. 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 statements A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 2022-2023 fiscal year include the following:

- The State withheld the June fiscal year state aid payments until July 2023.
- The District made a deposit to its capital reserve in the amount of \$3,190,000.
- The final approved extraordinary aid awarded to the District for 2022-2023 exceeded the amount budgeted for by the District by \$774,678.

- The District recorded the net pension liability as required by GASB Nos. 68 and 71. The liability recorded at June 30, 2023 and 2022 was \$10,824,772 and \$8,586,089, respectively. This resulted in the unrestricted net position being increased during the year resulting in an unrestricted deficit in the government-wide financial statements of \$9,355,209 and \$10,502,278 as of June 30, 2023 and 2022, 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 \$5,012,940 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 \$48,008,977 as of June 30, 2023. The following table provides a summary of net position as of June 30, 2023 and 2022 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current and other assets	\$ 14,157,095	\$ 13,289,574	\$ 251,953	\$ 54,110	\$ 14,409,048	\$ 13,343,684
Capital Assets, net	83,266,124	83,980,595	555,596	483,092	83,821,720	84,463,687
Total Assets	<u>97,423,219</u>	<u>97,270,169</u>	<u>807,549</u>	<u>537,202</u>	<u>98,230,768</u>	<u>97,807,371</u>
Deferred outflows of resources	<u>2,549,494</u>	<u>2,255,312</u>			<u>2,549,494</u>	<u>2,255,312</u>
Current and other liabilities	6,338,884	6,377,259	591,914	203,400	6,930,798	6,580,659
Net pension liability	10,824,772	8,586,089			10,824,772	8,586,089
Long-term liabilities	33,000,515	35,988,942			33,000,515	35,988,942
Total Liabilities	<u>50,164,171</u>	<u>50,952,290</u>	<u>591,914</u>	<u>203,400</u>	<u>50,756,085</u>	<u>51,155,690</u>
Deferred inflow of resources	<u>2,015,200</u>	<u>5,710,546</u>			<u>2,015,200</u>	<u>5,710,546</u>
Net Position:						
Net investment in capital assets	48,666,434	46,525,707	555,596	483,092	49,222,030	47,008,799
Restricted	8,142,156	6,689,926			8,142,156	6,689,926
Unrestricted (deficit)	<u>(9,015,248)</u>	<u>(10,352,988)</u>	<u>(339,961)</u>	<u>(149,290)</u>	<u>(9,355,209)</u>	<u>(10,502,278)</u>
Total Net Position	<u>\$ 47,793,342</u>	<u>\$ 42,862,645</u>	<u>\$ 215,635</u>	<u>\$ 333,802</u>	<u>\$48,008,977</u>	<u>\$43,196,447</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 leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

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

The total net position of the District increased \$4,812,530 during the current fiscal year, due to decrease in deferred inflows of resources which are allocated to the District by the State, and by current year operational performance.

Current and other assets increased mainly due to the results of current year operations.

Capital assets, net, decreased due to depreciation expense exceeding capital asset additions during the current year.

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

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

District Activities The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022, are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,499,591	\$ 1,338,799	\$ 1,301,052	\$ 692,338	\$ 2,800,643	\$ 2,031,137
Operating Grants and Contributions	1,766,318	2,042,800	211,336	761,744	1,977,654	2,804,544
Capital Grants and Contributions	416,569	191,351	100,193	95,544	516,762	286,895
General Revenue:						
Property Taxes	72,619,108	71,239,021			72,619,108	71,239,021
Federal and State Aid	17,580,541	20,269,090			17,580,541	20,269,090
Earnings on Investments	163,292	38,796			163,292	38,796
Miscellaneous	586,424	483,531			586,424	483,531
Total Revenue	<u>94,631,843</u>	<u>95,603,388</u>	<u>1,612,581</u>	<u>1,549,626</u>	<u>96,244,424</u>	<u>97,153,014</u>
Expenses:						
Instruction	54,089,978	55,397,080			54,089,978	55,397,080
Support Services	13,543,916	13,903,874			13,543,916	13,903,874
Administration and Business	8,407,716	8,786,185			8,407,716	8,786,185
Maintenance and Operations	8,105,642	8,590,334			8,105,642	8,590,334
Transportation	4,086,402	3,687,711			4,086,402	3,687,711
Special Schools	266,218	401,287			266,218	401,287
Charter Schools	78,168	31,574			78,168	31,574
Interest on long-term liabilities	1,123,106	1,140,271			1,123,106	1,140,271
Business Type Activities			1,730,748	1,530,093	1,730,748	1,530,093
Total Expenses	<u>89,701,146</u>	<u>91,938,316</u>	<u>1,730,748</u>	<u>1,530,093</u>	<u>91,431,894</u>	<u>93,468,409</u>
Change in Net Position	4,930,697	3,665,072	(118,167)	19,533	4,812,530	3,684,605
Net position - beginning	42,862,645	39,197,573	333,802	314,269	43,196,447	39,511,842
Net position - ending	<u>\$ 47,793,342</u>	<u>\$ 42,862,645</u>	<u>\$ 215,635</u>	<u>\$ 333,802</u>	<u>\$ 48,008,977</u>	<u>\$ 43,196,447</u>

Revenue Sources. The District's total revenue for the 2022-2023 school year was \$96,244,424. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$72,619,108 of the total, or 75.45 percent. Another 18.27 percent came from federal and state aid not restricted for specific programs, 2.59 percent from operating and capital grants and

contributions, 3.69 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 2021-2022 to 2022-2023 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 \$1,976,927, while the total fund balance was \$11,909,478. The net change in total fund balance for the General Fund was an increase of \$1,109,676, 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). The District's capital projects fund was inactive in the current year.

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

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, 2023, and the variances in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) from 2022</u>	<u>Percent of Increase/(Decrease)</u>
Local Sources	\$ 75,100,433	74.44%	\$ 1,739,254	2.37%
State Sources	24,149,720	23.94%	1,201,707	5.24%
Federal Sources	1,638,315	1.62%	(267,554)	-14.04%
	<u>\$ 100,888,468</u>	<u>100.00%</u>	<u>\$ 2,673,407</u>	<u>2.72%</u>

The increase in local sources is mainly attributable to increases in the tax levy of \$1,380,087, and increased miscellaneous revenue of \$186,481.

The increase of \$1,201,707 or 5.24% of State sources in 2022-2023 is mainly the result of a \$128,142 increase in the TPAF Pension benefits paid for by the State of New Jersey on behalf of the District, a \$531,187 increase in categorical special education aid, an increase in Lead Testing for Schools Aid of \$7,121, and a \$392,462 increase in extraordinary aid offset by the decrease related to the additional Non-Public Transportation Aid grant received in the prior year.

The decrease of \$267,554 or 14.04% of Federal sources in 2022-2023 can be primarily attributed to the decrease in FEMA revenue in the amount of \$111,033, the decrease in ARP IDEA grant revenue in the amount of \$199,030, and CRRSA Act Non-Title I grant revenue of \$271,052, offset by the increase of Additional Compensatory Related Services grant revenue of \$168,945 and ESSER III Coach and Educator Support grant revenue of \$106,203.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2023 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 34,604,872	34.67%	\$ 326,444	0.95%
Undistributed	58,113,691	58.24%	1,343,805	2.37%
Special Schools	182,704	0.18%	(80,329)	-30.54%
Capital Outlay	2,889,208	2.90%	(450,081)	-13.48%
Contribution to Charter Schools	78,168	0.08%	46,594	147.57%
Debt Service				
Principal	2,632,651	2.64%	352,651	15.47%
Interest	1,283,054	1.29%	(13,221)	-1.02%
	<u>\$ 99,784,348</u>	<u>100.00%</u>	<u>\$ 1,525,863</u>	<u>1.55%</u>

The increase in undistributed expenditures is attributable mostly to an increase in tuition of \$627,613, an increase in pupil transportation services of \$400,246, an increase in on-behalf contributions of approximately \$350,140 expenditures paid for by the State of New Jersey on-behalf of the District.

The decrease in Special schools is attributable mostly to the decrease of approximately \$68,269 of related salaries.

The decrease in capital outlay of \$450,081 is attributable mostly to the completion of the majority of prior year improvement projects throughout the district such as the CHS/LAF roof replacement and no new projects in the current year.

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

Business-Type Activities

The net position from the District's business-type activity decreased in the 2022-2023 year by \$118,167 due to a decrease in District's revenues from the National school lunch program.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget 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 pupil transportation increased by \$382,144 or 10% due to a increased special education enrollment.
- The modified budget for regular programs- instruction decreased by \$529,451 or 2% due to the district budgeting conservatively. Actual expenses were less than amounts originally budgeted.
- The modified budget for special education- instruction decreased by \$248,479 or 3% due to the decrease in student needs in the related categories.

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 interest earned on investments was \$118,292 higher than budgeted due to interest rates increased during the year, leading to greater interest income. Also, the District budgets conservatively for interest income.
- The actual amounts for miscellaneous revenues were \$306,424 higher than budgeted due to conservative budgeting.
- The actual amounts for Extraordinary Aid was \$774,678 higher than budgeted due to a combination of conservative budgeting and a concentration focus by the district on obtaining all eligible revenues.
- The actual amounts for TPAF Pension Contribution (On-Behalf - Non-Budgeted), TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted), and TPAF Social Security (Reimbursed - Non-Budgeted) were \$12,186,169, \$3,201,277, and \$2,484,140 higher than budgeted respectively, due to the amounts paid on-behalf are determined by the state and are not budgeted amounts.
- The actual amounts for Additional Non-Public Transportation Aid was \$105,322. The District does not budget for this revenue.

Budget vs. Actual - Expenditures

- The actual amounts expended for School Sponsored Athletics were \$166,092 lower than budgeted was mainly attributable due to the purchasing of uniforms for athletic teams being rotated in the current year.
- The actual amounts expended for Undistributed expenditures Improvement for Instructional Services were \$109,795 lower than budgeted due to timing of staff hiring and reallocation of staff.
- The actual amounts expended for Undistributed expenditures Instructional Staff training Services were \$274,954 lower than budgeted due to timing of staff hiring and reallocation of staff.
- The actual amounts expended for Undistributed expenditures Support Services General Administration were \$191,053 lower than budgeted due to the District conservatively budgeting for Legal Fees.

Capital Assets

As of June 30, 2023 and 2022, the District had capital assets, net of accumulated depreciation, of \$83,603,916 and \$84,132,065, respectively, including land, construction in progress, building and building improvements, land improvements and machinery and equipment noted as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2021-22</u>
Land	\$11,616,511	\$ 11,616,511			\$11,616,511	\$ 11,616,511
Construction in Progress	8,556	1,893,860		\$ 95,544	8,556	1,989,404
Buildings and Building Improvements	66,581,480	65,606,069	\$ 331,352	262,590	66,912,832	65,868,659
Land Improvements	3,219,833	2,879,937			3,219,833	2,879,937
Right to Use - Equipment	217,804	331,622				
Machinery and Equipment	1,621,940	1,652,596	224,244	124,958	1,846,184	1,777,554
Total Capital Assets						
Net of Depreciation	<u>\$83,266,124</u>	<u>\$ 83,980,595</u>	<u>\$ 555,596</u>	<u>\$ 483,092</u>	<u>\$83,603,916</u>	<u>\$ 84,132,065</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, 2023 and 2022 are as follows for the governmental activities:

	June 30,	
	<u>2023</u>	<u>2022</u>
General Obligation Bonds	\$ 30,260,000	\$ 32,635,000
Premium on Bonds	1,896,653	2,164,452
Financed Purchases Payable	3,035,264	3,292,915
Leases Payable	255,581	364,869
Compensated Absences	718,672	599,344
Sub-total	36,166,170	39,056,580
Net Pension Liability	10,824,772	8,586,089
	<u>\$ 46,990,942</u>	<u>\$ 47,642,669</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 2023-2024 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. The 2023-2024 unrestricted fund balance will be limited to 2% of our budget as per the New Jersey Department of Education regulations. Thus, it will be more important than ever to develop a budget that will closely reflect actual expenditures since the small unrestricted fund balance will not permit much flexibility.

Looking ahead to the development of the 2024-2025 budget, there will be increased demands for more teaching staff, supplies and equipment due to changing needs of the District.

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, 2023**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,223,772	\$ 197,696	\$ 8,421,468
Accounts receivable	5,553,320	43,483	5,596,803
Internal balances	380,003	(380,003)	
Inventories		10,774	10,774
Capital assets, non-depreciable	11,625,067		11,625,067
Capital assets, depreciable, net	<u>71,641,057</u>	<u>555,596</u>	<u>72,196,653</u>
Total Assets	<u>97,423,219</u>	<u>427,546</u>	<u>97,850,765</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	847,808		847,808
Pension deferrals	<u>1,701,686</u>		<u>1,701,686</u>
Total Deferred Outflows of Resources	<u>2,549,494</u>		<u>2,549,494</u>
LIABILITIES			
Accounts payable	1,621,863	144,049	1,765,912
Unemployment claims payable	200,677		200,677
Payroll withholding payable	132,355		132,355
Accrued interest payable	543,833		543,833
Payable to state government	32,073		32,073
Unearned revenue	642,428	67,862	710,290
Noncurrent liabilities:			
Net pension liability	10,824,772		10,824,772
Due within one year	3,165,655		3,165,655
Due beyond one year	<u>33,000,515</u>		<u>33,000,515</u>
Total Liabilities	<u>50,164,171</u>	<u>211,911</u>	<u>50,376,082</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>2,015,200</u>		<u>2,015,200</u>
NET POSITION			
Net investment in capital assets	48,666,434	555,596	49,222,030
Restricted for:			
Excess surplus	264,831		264,831
Capital reserve	6,755,000		6,755,000
Emergency reserve	165,005		165,005
Unemployment compensation	336,203		336,203
Student Activities	578,825		578,825
Scholarships	42,292		42,292
Unrestricted (deficit)	<u>(9,015,248)</u>	<u>(339,961)</u>	<u>(9,355,209)</u>
Total Net Position	<u>\$ 47,793,342</u>	<u>\$ 215,635</u>	<u>\$ 48,008,977</u>

See accompanying notes to the basic financial statements.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Activities
Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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>	<u>Total</u>
Governmental activities:							
Instruction:							
Regular	\$ 36,322,370	\$ 777,192	\$ 748,805	\$ 416,569	\$ (34,379,804)		\$ (34,379,804)
Special education	14,449,786		836,978		(13,612,808)		(13,612,808)
Other instruction	3,317,822				(3,317,822)		(3,317,822)
Support services:							
Student and instruction related services	13,543,916	553,253	180,535		(12,810,128)		(12,810,128)
School administration services	2,512,696				(2,512,696)		(2,512,696)
General and business administration services	5,895,020				(5,895,020)		(5,895,020)
Operation and maintenance of plant services	8,105,642				(8,105,642)		(8,105,642)
Pupil transportation	4,086,402	169,146			(3,917,256)		(3,917,256)
Special schools	266,218				(266,218)		(266,218)
Charter Schools	78,168				(78,168)		(78,168)
Interest and other costs on long-term debt	1,123,106				(1,123,106)		(1,123,106)
Total governmental activities	<u>89,701,146</u>	<u>1,499,591</u>	<u>1,766,318</u>	<u>416,569</u>	<u>(86,018,668)</u>		<u>(86,018,668)</u>
Business-type activities:							
Food Service	<u>1,730,748</u>	<u>1,301,052</u>	<u>211,336</u>	<u>100,193</u>		<u>\$ (118,167)</u>	<u>(118,167)</u>
Total business-type activities	<u>1,730,748</u>	<u>1,301,052</u>	<u>211,336</u>	<u>100,193</u>	<u>-</u>	<u>(118,167)</u>	<u>(118,167)</u>
Total primary government	<u>\$ 91,431,894</u>	<u>\$ 2,800,643</u>	<u>\$ 1,977,654</u>	<u>\$ 516,762</u>	<u>(86,018,668)</u>	<u>(118,167)</u>	<u>(86,136,835)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					69,271,996		69,271,996
Property taxes, levied for debt service					3,347,112		3,347,112
State aid not restricted					17,580,541		17,580,541
Investment Earnings					163,292		163,292
Miscellaneous Income					586,424		586,424
Total general revenues					<u>90,949,365</u>	<u>-</u>	<u>90,949,365</u>
Change in Net Position					4,930,697	(118,167)	4,812,530
Net Position—beginning					<u>42,862,645</u>	<u>333,802</u>	<u>43,196,447</u>
Net Position—ending					<u>\$ 47,793,342</u>	<u>\$ 215,635</u>	<u>\$ 48,008,977</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, 2023

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,602,655	\$ 621,117	\$ 8,223,772
Intergovernmental Accounts Receivable			
State	1,603,096	1,348	1,604,444
Federal		489,147	489,147
Local	3,414,532		3,414,532
Interfund	694,616		694,616
Other accounts receivable	15,055	30,142	45,197
Total Assets	\$ 13,329,954	\$ 1,141,754	\$ 14,471,708
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 541,372	\$ 77,595	\$ 618,967
Unemployment claims payable	200,677		200,677
Interfunds payable		314,613	314,613
Payable to state government		32,073	32,073
Payroll withholding payable	132,355		132,355
Unearned revenue	546,072	96,356	642,428
Total Liabilities	1,420,476	520,637	1,941,113
Fund Balances:			
Restricted for:			
Excess surplus - current year	264,831		264,831
Capital reserve	6,755,000		6,755,000
Emergency reserve	165,005		165,005
Unemployment compensation reserve	336,203		336,203
Student Activities		578,825	578,825
Scholarships		42,292	42,292
Assigned to:			
Other Purposes	261,395		261,395
Designated for Subsequent Year's Expenditures	2,150,117		2,150,117
Unassigned	1,976,927		1,976,927
Total Fund Balances	11,909,478	621,117	12,530,595
Total Liabilities and Fund Balances	\$ 13,329,954	\$ 1,141,754	14,471,708

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 \$136,971,547 and the accumulated depreciation is \$53,705,423. See Note 6.	83,266,124
Long-term liabilities, including bonds payable, financed purchases, 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.	(36,166,170)
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.	(543,833)
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.	847,808
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(313,514)
Accrued pension contributions for the June 30, 2023 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.	(1,002,896)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,824,772)
Net position of governmental activities	\$ 47,793,342

See accompanying notes to the basic financial statements.

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 69,271,996		\$ 3,347,112	\$ 72,619,108
Tuition charges	777,192			777,192
Transportation fees	169,146			169,146
Interest earned on investments	163,292			163,292
Miscellaneous	586,424	\$ 785,271		1,371,695
Total - Local Sources	70,968,050	785,271	3,347,112	75,100,433
State sources	23,605,403	312,554	231,763	24,149,720
Federal sources		1,638,315		1,638,315
Total Revenues	94,573,453	2,736,140	3,578,875	100,888,468
EXPENDITURES				
Current:				
Regular instruction	23,704,010	748,805		24,452,815
Special education instruction	6,991,379	836,978		7,828,357
Other instruction	2,323,700			2,323,700
Support services and undistributed costs:				
Tuition	2,970,957			2,970,957
Attendance/social work	74,455			74,455
Health services	631,680			631,680
Other support services	5,988,724	737,594		6,726,318
Improvement of instruction	784,410			784,410
School library	760,251			760,251
Instructional staff training	540,568			540,568
General administration services	1,058,071			1,058,071
School administration services	3,027,607			3,027,607
Central services	997,539			997,539
Administrative information technology	850,633			850,633
Required maintenance of school facilities	1,455,818			1,455,818
Custodial services	4,308,712			4,308,712
Care and upkeep of grounds	227,420			227,420
Security	434,152			434,152
Pupil transportation services	4,072,519			4,072,519
Unallocated benefits	11,315,884			11,315,884
On-behalf TPAF social security, medical, disability and pension contributions	17,876,697			17,876,697
Debt service:				
Principal	257,651		2,375,000	2,632,651
Interest	77,429		1,205,625	1,283,054
Special schools	182,704			182,704
Contribution to charter school	78,168			78,168
Capital outlay	2,472,639	416,569		2,889,208
Total Expenditures	93,463,777	2,739,946	3,580,625	99,784,348
Net change in fund balances	1,109,676	(3,806)	(1,750)	1,104,120
Fund Balance—July 1	10,799,802	624,923	1,750	11,426,475
Fund Balance—June 30	\$ 11,909,478	\$ 621,117	\$ -	\$ 12,530,595

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ 1,104,120

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	\$	(3,523,131)	
Capital additions		<u>2,808,660</u>	(714,471)

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. 2,375,000

Repayment of financed purchases and 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. 366,939

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds. 267,799

Amortization of premium

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. (119,328)

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. 46,689

Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding. (154,540)

Amortization of deferred loss

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. 1,758,489

Pension expense

Change in net position of governmental activities (A-2) \$ 4,930,697

PROPRIETARY FUND

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

Proprietary Fund
Statement of Net Position
June 30, 2023

	Major	
	Enterprise Fund	
	Food Service	
	<hr/>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$	197,696
Accounts receivable:		
State		234
Federal		3,565
Other- Students		22,573
Other		17,111
Inventories		10,774
Total Current Assets		<hr/> 251,953 <hr/>
Noncurrent Assets:		
Capital assets:		
Depreciable:		
Furniture, machinery and equipment		1,053,389
Less accumulated depreciation		<hr/> (497,793) <hr/>
Total Capital Assets, net		<hr/> 555,596 <hr/>
Total Assets		<hr/> 807,549 <hr/>
LIABILITIES		
Current Liabilities:		
Accounts payable		144,049
Interfund payable		380,003
Unearned revenue		<hr/> 67,862 <hr/>
Total Current Liabilities		<hr/> 591,914 <hr/>
NET POSITION		
Investment in capital assets		555,596
Unrestricted (deficit)		<hr/> (339,961) <hr/>
Total Net Position	\$	<hr/> 215,635 <hr/>

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, 2023

	Major Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 1,301,052
Total Operating Revenues	<u>1,301,052</u>
Operating Expenses:	
Cost of sales - reimbursable programs	694,008
Salaries	638,371
Employee benefits	93,764
Other purchased services	75,357
Management fee	98,740
Supplies and materials	74,104
Miscellaneous	4,026
Depreciation	<u>52,378</u>
Total Operating Expenses	<u>1,730,748</u>
Operating (loss)	<u>(429,696)</u>
Nonoperating Revenues:	
State sources:	
State school lunch program	6,815
Federal sources:	
National school lunch program	103,901
Food donation program	28,387
COVID 19 Supply Chain	<u>72,233</u>
Total Nonoperating Revenues	<u>211,336</u>
(Loss) before capital contributions	<u>(218,360)</u>
Capital contributions	<u>100,193</u>
Change in Net Position	<u>(118,167)</u>
Total Net Position—Beginning	<u>333,802</u>
Total Net Position—Ending	<u>\$ 215,635</u>

See accompanying notes to the basic financial statements.

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2023

	Major Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,270,249
Payments to employees	(638,371)
Payments for employee benefits	(93,764)
Payments to suppliers	(573,245)
Net cash (used for) operating activities	(35,131)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	7,705
Federal sources	221,424
Food donation program	28,387
Net cash provided by noncapital financing activities	257,516
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(124,882)
Food Service Management Company Contribution	100,193
Net cash (used for) capital and related financing activities	(24,689)
Net (increase) in cash and cash equivalents	197,696
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 197,696
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (429,696)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	52,378
Changes in assets and liabilities:	
Decrease in inventories	3,362
Increase in other accounts receivable- students	(7,575)
Increase in other accounts receivable- other	(17,111)
Decrease in unearned revenue	(6,117)
Increase in interfund payable	355,000
Increase in accounts payable	14,628
Total adjustments	394,565
Net cash (used for) operating activities	\$ (35,131)

Noncash noncapital financing activities:

The District received \$23,997 of food commodities from the U.S. Department of Agriculture and \$101,193 of contributions from its food services management company during the year ended June 30, 2023.

See accompanying notes to the basic financial statements.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

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, 2023

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. Except for the interfund service funds, 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, the District had inventories in the Food Service Enterprise Fund in the amount of \$10,774.

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, 2023

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, 2023, a liability existed for compensated absences in the government-wide financial statements in the amount of \$718,672 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, 2023 amounted to \$154,540. As of June 30, 2023, the District has an unamortized balance of \$847,808 recorded as a deferred outflow of resources.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash received from grants, which has been received but not yet earned. Unearned revenue in the general fund represents cash received for 2023-24 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, 2023

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 \$11,909,478 of fund balances in the General Fund, \$264,831 has been restricted for current year excess surplus, \$261,395 of encumbrances is assigned to other purposes, \$2,150,117 has been assigned as designated for subsequent year's expenditures, \$6,755,000 has been restricted for the capital reserve, \$165,005 has been restricted for emergency reserve, \$336,203 is restricted for unemployment claims and \$1,976,927 is classified as unassigned. Of the \$621,117 fund balance in the Special Revenue Fund, \$578,825 and \$42,292 are restricted for Student Activities and Scholarships, respectively.

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, 2023

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 \$8,068,288 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Q. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus at June 30, 2023 was \$264,831.

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, 2023

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. 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 reviewed the requirements of the statement and the impact on the financial statements was deemed not material.

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 reviewed the requirements of the statement and the impact on the financial statements was deemed not material.

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, 2023

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, 2023 and December 5, 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, obligations 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 \$36,166,170 difference are as follows:

Bonds payable	\$	30,260,000
Premium on bonds		1,896,653
Financed purchases payable		3,035,264
Leases payable		255,581
Compensated absences payable		<u>718,672</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u><u>36,166,170</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, 2023

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, 2023

3. Deposits and Investments (continued)

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2023, the carrying amount of the District's deposits was \$8,421,468 and the bank balance was \$11,171,002.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2023 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$10,616,324. \$304,678 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, 2023.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 5,565,000
Deposits:	
Approved by Board Resolution at the June 2023 Board of Education Meeting	3,190,000
Withdrawal:	
Budgeted Withdrawal	(2,000,000)
Ending balance, June 30, 2023	<u>\$ 6,755,000</u>

\$2,400,000 of this amount was appropriated in the 2023-24 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, 2023 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, 2023

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, 2023.

6. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Reallocation/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	1,893,860		\$ (1,885,304)	8,556
Total capital assets, not being depreciated/amortized	13,510,371		(1,885,304)	11,625,067
Capital assets, being depreciated/amortized:				
Buildings and building improvements	104,097,667	\$ 2,027,933	1,871,804	107,997,404
Land improvements	9,070,180	640,705	13,500	9,724,385
Right to use assets - equipment	466,138			466,138
Machinery, equipment and vehicles	7,018,531	140,022		7,158,553
Total capital assets being depreciated/amortized	120,652,516	2,808,660	1,885,304	125,346,480
Less accumulated depreciation/amortization for:				
Buildings and building improvements	(38,491,598)	(2,924,326)		(41,415,924)
Land improvements	(6,190,243)	(314,309)		(6,504,552)
Machinery, equipment and vehicles	(5,365,935)	(170,678)		(5,536,613)
Right to use assets - equipment	(134,516)	(113,818)		(248,334)
Total accumulated depreciation/amortization	(50,182,292)	(3,523,131)	-	(53,705,423)
Total capital assets, being depreciated/amortized, net	70,470,224	(714,471)	1,885,304	71,641,057
Governmental activities capital assets, net	\$ 83,980,595	\$ (714,471)	\$ -	\$ 83,266,124

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Capital Assets (continued)

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

Instruction:	
Regular	\$ 1,525,259
Special education	488,299
Other	144,942
Support services:	
Student and instruction related services	593,671
School administration services	65,998
General and business administration services	304,130
Operation and maintenance of plant services	400,832
Total depreciation expense – governmental activities	<u>\$ 3,523,131</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Reallocation/ Transfers	Ending 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	321,497	\$ 35,733	52,242	\$ 409,472
Machinery, equipment and vehicles	511,466	89,149	43,302	643,917
Total capital assets being depreciated	832,963	124,882	95,544	1,053,389
Less accumulated depreciation for:				
Buildings and building improvements				
Machinery, equipment and vehicles	(58,907)	(19,213)		(78,120)
	(386,508)	(33,165)		(419,673)
Total accumulated depreciation	(445,415)	(52,378)	-	(497,793)
Business-type activities capital assets, net	<u>\$ 483,092</u>	<u>\$ 72,504</u>	<u>\$ -</u>	<u>\$ 555,596</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 32,635,000		\$(2,375,000)	\$ 30,260,000	\$ 2,465,000
Premiums on bonds	2,164,452		(267,799)	1,896,653	267,799
Compensated absences payable	599,344	\$ 149,328	(30,000)	718,672	47,341
Leases and financed purchases	3,657,784		(366,939)	3,290,845	385,515
Subtotal	39,056,580	149,328	(3,039,738)	36,166,170	3,165,655
Net pension liability	8,586,089	2,238,683		10,824,772	
Total governmental activities long-term liabilities	<u>\$ 47,642,669</u>	<u>\$ 2,388,011</u>	<u>\$(3,039,738)</u>	<u>\$ 46,990,942</u>	<u>\$ 3,165,655</u>

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, 2023 are comprised of the following issues:

\$16,275,000, Series 2014A refunding bonds, due in annual installments ranging from \$410,000 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, 2023.

\$12,270,000, Series 2014B refunding bonds, due in annual installments ranging from \$1,255,000 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, 2023.

\$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, 2023

7. Long-Term Liabilities (continued)

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

Fiscal year ending June 30,	Principal	Interest	Total
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	2,965,000	653,100	3,618,100
2029-2033	11,960,000	1,663,950	13,623,950
2034-2037	4,800,000	384,000	5,184,000
	<u>\$ 30,260,000</u>	<u>\$ 6,480,575</u>	<u>\$ 36,740,575</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, 2023:

Fiscal year ending June 30,	Amount
2024	\$ 343,178
2025	351,462
2026	359,934
2027	368,600
2028	377,463
2029-2032	1,602,595
Total minimum payment	<u>3,403,232</u>
Less: amount representing interest	<u>(367,968)</u>
Present value of net future minimum payments	<u>\$ 3,035,264</u>

Capital assets paid for with proceeds from the financed purchases totaled \$5,011,352, with accumulated depreciation of \$1,628,689 of June 30, 2023.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

8. Leases Payable

The District has commitments to lease copiers, mail equipment and other equipment under leases which expire in the 2027 fiscal year. Principal lease payments made during the year ended June 30, 2023 were \$109,288. Future lease payments are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,501	\$ 7,515	\$ 121,016
2025	73,373	3,778	77,151
2026	55,177	1,623	56,800
2027	13,530	138	13,668
	<u>\$ 255,581</u>	<u>\$ 13,054</u>	<u>\$ 268,635</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, 2023

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 Employees' 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 pensionable 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, 2023

9. Pension Plans (continued)

During the year ended June 30, 2023, the State of New Jersey contributed \$15,392,557 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 \$2,484,140 during the year ended June 30, 2023 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, 2023, 2022 and 2021 were \$904,527, \$848,800 and \$803,968, 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 Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$10,824,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023, the District's proportion was 0.0717281962 percent, which was a decrease of 0.0007496657 percent from its proportion measured as of June 30, 2022.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

For the year ended June 30, 2023, the District recognized full accrual pension expense of \$904,527 in the government-wide financial statements. At June 30, 2023, 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	\$ 78,128	\$ 68,898
Changes of assumptions	33,539	1,620,897
Net difference between projected and actual earnings on pension plan investments	448,028	
Changes in proportion and differences between District contributions and proportionate share of contributions	139,095	325,405
District contributions subsequent to the measurement date	1,002,896	
	<u>\$ 1,701,686</u>	<u>\$ 2,015,200</u>

\$1,002,896 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:

2024	(999,162)
2025	(485,665)
2026	(241,095)
2027	390,332
2028	19,180
	<u>\$ (1,316,410)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.75-6.55% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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-2021.

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, 2022) 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, 2023

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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, 2023

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 13,906,661	\$ 10,824,772	\$ 8,201,960
<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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920

State's proportionate share associated with the District	0.0717281962%
--	---------------

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

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 June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there was no net pension liability associated with this special funding situation. There was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2023 was \$153,008,308. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2965598236 percent, which was an increase of 0.0041731261 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,117,881 for contributions incurred by the State.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

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:	2.75-5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	3.00%	7.60%
Real estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022.

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 based on 100% of the actuarially determined contributions for 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 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, 2022 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:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

9. Pension Plans (continued)

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 179,405,493	\$ 153,008,308	\$ 130,771,997
<i>Pension plan fiduciary net position</i>			

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, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,494,415,806
State's proportionate share associated with the District	0.2965598236%

Additional Information

Collective pension benefit-Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581. 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 June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

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. 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 2022 total OPEB liability of \$50,646,462,966 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, 2023, 2022 and 2021 were \$3,201,277, \$2,892,607 and \$2,714,234, respectively, which equaled the required contributions for each year.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

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, 2022 was \$113,198,746. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPA/ABP</u>	<u>PERS</u>
Inflation rate	2.50%	2.50%
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%
	based on years of service	based on age

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

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

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, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 – June 30, 2021 and July 1, 2021 – June 30, 2022 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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 6.25% 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 2023 through 2023 are reflected. For PPO the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% after 11 years. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 800% 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, 2023 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 133,053,219	\$ 113,198,746	\$ 97,286,379

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 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:

	At 1% Decrease	At Healthcare Cost Trend Rate	At 1% Increase
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 93,565,683	\$ 113,198,746	\$ 138,987,967

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, 2022:

	Total OPEB Liability
Beginning Total OPEB Liability, June 30, 2021	\$ 136,179,824
Changes for the year:	
Service cost	7,005,937
Interest	2,999,892
Differences between expected and actual experiences	255,828
Changes in assumptions or other inputs	(30,366,580)
Members contributions	95,327
Benefit payments	(2,971,482)
Net Changes	<u>(22,981,078)</u>
Ending Total OPEB Liability, June 30, 2022	<u>\$ 113,198,746</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2023</u>
Active plan members	213,148
Inactive plan members or beneficiaries currently receiving benefits	151,669
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	
Total plan members	<u>364,817</u>

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,012,940 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	\$ 20,104,625,333
Deferred inflows of resources	34,996,842,046
Collective OPEB expense	1,595,653,562
District's proportion	0.2235077029%

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, 2023 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 694,616	
Special Revenue Fund		\$ 314,613
Food Service Enterprise Fund		380,003
	<u>\$ 694,616</u>	<u>\$ 694,616</u>

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

11. Interfund Receivables and Payables (continued)

The interfund between the special revenue fund and the general fund represents funds that were loaned by the general fund to the special revenue fund to meet current year obligations. 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.

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, 2023 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), 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.

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.

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

14. Risk Management (continued)

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.

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, 2023 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$261,395.

During fiscal year 2023 The New Jersey Department of Labor has been delayed in issuing unemployment bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the first and second quarters of 2021 within the current year, which were paid prior to June 30, 2023. The third quarter 2021 unemployment bill was received by the District after June 30, 2023, which reduced the liability recorded in the District's financial statement in the general fund. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Beginning in

School District of the Chathams

Notes to the Basic Financial Statements

Year ended June 30, 2023

16. Commitments (continued)

the first quarter of 2021, the federal government may forgive up to 75% of the claims incurred. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

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.

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, 2023, therefore there are no tax abatements that effect the District as of June 30, 2023.

Required Supplementary Information - Part II

School District of the Chathams
 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (asset) - Local Group	0.0698823190%	0.0702593563%	0.0698980772%	0.0731285958%	0.0738272905%	0.0731279700%	0.0720162522%	0.0734921451%	0.0724778619%	0.0717281962%
District's proportionate share of the net pension liability (asset)	\$ 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	\$ 10,824,772
District's covered payroll	\$ 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	\$ 5,535,129
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	278.10%	270.74%	317.71%	431.50%	337.21%	285.02%	252.28%	228.91%	162.22%	195.56%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 579,208	\$ 600,936	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510	\$ 803,968	\$ 848,800	\$ 904,527
Contributions in relation to the contractually required contribution	(579,208)	(600,936)	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)	(803,968)	(848,800)	(904,527)
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	\$ 4,802,530	\$ 4,858,775	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,051,812	\$ 5,143,545	\$ 5,235,438	\$ 5,292,806	\$ 5,535,129
Contributions as a percentage of covered payroll	12.06%	12.37%	12.61%	12.94%	13.42%	14.40%	13.62%	15.36%	16.04%	16.34%

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

See Note to Required Supplementary Information

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	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2632288497%	0.2660515944%	0.2698905323%	0.2799799553%	0.2800400222%	0.2801849358%	0.2870124666%	0.2871559156%	0.2923866975%	0.2965598236%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 133,033,790	\$ 142,195,918	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260	\$ 189,088,715	\$ 140,565,456	\$ 153,008,308
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 133,033,790</u>	<u>\$ 142,195,918</u>	<u>\$ 170,582,342</u>	<u>\$ 220,250,059</u>	<u>\$ 188,813,081</u>	<u>\$ 178,254,000</u>	<u>\$ 176,142,260</u>	<u>\$ 189,088,715</u>	<u>\$ 140,565,456</u>	<u>\$ 153,008,308</u>
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	47.68%

* 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.

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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,						
	2023	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%	0.22%	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	\$ 113,198,746	\$ 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>\$ 113,198,746</u>	<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%	0.00%
Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017**</u>
Service cost	\$ 7,005,937	\$ 8,091,340	\$ 4,462,316	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	2,999,892	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	255,828	(25,703,694)	26,722,171	(13,434,430)	(9,468,097)		
Changes of assumptions	(30,366,580)	134,352	27,941,002	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	95,327	90,313	80,714	84,671	92,218	97,591	
Gross benefits payments	<u>(2,971,482)</u>	<u>(2,782,737)</u>	<u>(2,662,952)</u>	<u>(2,856,392)</u>	<u>(2,668,216)</u>	<u>(2,650,315)</u>	
Net change in OPEB liability	(22,981,078)	(16,782,725)	59,911,421	(6,733,889)	(14,639,461)	(9,048,937)	
Total OPEB liability - beginning	<u>136,179,824</u>	<u>152,962,549</u>	<u>93,051,128</u>	<u>99,785,017</u>	<u>114,424,476</u>	<u>123,473,414</u>	
Total OPEB liability - ending	<u>\$ 113,198,746</u>	<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>\$ 40,772,743</u>	<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>277.63%</u>	<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

Note to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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, 2023**

	<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	\$ 69,271,996		\$ 69,271,996	\$ 69,271,996	
Tuition	756,700		756,700	777,192	\$ 20,492
Transportation Fees	130,000		130,000	169,146	39,146
Interest Earned on Investments	45,000		45,000	163,292	118,292
Miscellaneous	280,000		280,000	586,424	306,424
Total - Local Sources	<u>70,483,696</u>		<u>70,483,696</u>	<u>70,968,050</u>	<u>484,354</u>
State Sources:					
Categorical Special Education Aid	3,409,728		3,409,728	3,409,728	
Transportation Aid	723,961		723,961	723,961	
Security Aid	159,916		159,916	159,916	
Extraordinary Aid	600,000		600,000	1,374,678	774,678
On-behalf Teachers' Pension and Annuity Fund				12,186,169	12,186,169
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,201,277	3,201,277
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,111	5,111
Reimbursed TPAF Social Security Contribution				2,484,140	2,484,140
Additional Non-Public Transportation Aid				105,322	105,322
Lead Testing for Schools Aid				7,121	7,121
Total State Sources	<u>4,893,605</u>		<u>4,893,605</u>	<u>23,657,423</u>	<u>18,763,818</u>
Total Revenues	<u>75,377,301</u>		<u>75,377,301</u>	<u>94,625,473</u>	<u>19,248,172</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	617,820	\$ 24,696	642,516	625,442	17,074
Grades 1-5 - Salaries of Teachers	7,474,478	(294,276)	7,180,202	7,138,272	41,930
Grades 6-8 - Salaries of Teachers	5,796,226	(29,010)	5,767,216	5,767,216	
Grades 9-12 - Salaries of Teachers	8,361,987	(186,826)	8,175,161	8,169,681	5,480
Regular Programs - Home Instruction					
Salaries of Teachers	51,000		51,000	49,301	1,699
Purchased Professional-Educational Services	30,000	88,369	118,369	109,562	8,807
Other Purchased Services	500		500	500	
General Supplies	500		500	500	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	203,098	626	203,724	184,349	19,375
Purchased Professional-Educational Services	10,750		10,750	1,298	9,452
Cleaning, Repair and Maintenance Services	38,070	939	39,009	17,493	21,516
Rentals	349,790	(3,524)	346,266	244,485	101,781
Other Purchased Services	220,175	(27,000)	193,175	168,774	24,401
Travel	1,600		1,600	1,219	381
General Supplies	1,339,599	(113,085)	1,226,514	1,119,301	107,213
Textbooks	80,964	27,592	108,556	99,170	9,386
Other Objects	36,820	(17,952)	18,868	8,447	10,421
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,613,377</u>	<u>(529,451)</u>	<u>24,083,926</u>	<u>23,704,010</u>	<u>379,916</u>
Learning and/or Language Disabilities					
Other Salaries for Instruction	59,641		59,641	37,002	22,639
General Supplies	5,000		5,000	3,296	1,704
Total Learning and/or Language Disabilities	<u>64,641</u>		<u>64,641</u>	<u>40,298</u>	<u>24,343</u>
Visual Impairments					
Purchased Professional-Educational Services	6,900		6,900	6,600	300
Total Visual Impairments	<u>6,900</u>		<u>6,900</u>	<u>6,600</u>	<u>300</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<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	\$ 80,345		\$ 80,345	\$ 80,345	
Other Salaries for Instruction	16,549		16,549	13,794	\$ 2,755
Total Emotional Regulation Impairment	<u>96,894</u>		<u>96,894</u>	<u>94,139</u>	<u>2,755</u>
Multiple Disabilities					
Salaries of Teachers	425,315	\$ (64,484)	360,831	356,565	4,266
Other Salaries for Instruction	254,801	(39,738)	215,063	187,867	27,196
General Supplies	3,443		3,443	1,450	1,993
Total Multiple Disabilities	<u>683,559</u>	<u>(104,222)</u>	<u>579,337</u>	<u>545,882</u>	<u>33,455</u>
Resource Room/Resource Center					
Salaries of Teachers	4,372,818	29,620	4,402,438	4,352,144	50,294
Other Salaries for Instruction	1,415,533	(148,877)	1,266,656	1,250,207	16,449
General Supplies	8,569		8,569	6,699	1,870
Textbooks	1,500		1,500	1,451	49
Total Resource Room/Resource Center	<u>5,798,420</u>	<u>(119,257)</u>	<u>5,679,163</u>	<u>5,610,501</u>	<u>68,662</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	160,046		160,046	144,020	16,026
General Supplies	3,000		3,000	2,666	334
Total Preschool Disabilities - Part-Time	<u>163,046</u>		<u>163,046</u>	<u>146,686</u>	<u>16,360</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	553,024		553,024	533,169	19,855
Other Salaries for Instruction	63,659	(25,000)	38,659	12,909	25,750
General Supplies	1,200		1,200	1,195	5
Total Preschool Disabilities - Full-Time	<u>617,883</u>	<u>(25,000)</u>	<u>592,883</u>	<u>547,273</u>	<u>45,610</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>7,431,343</u>	<u>(248,479)</u>	<u>7,182,864</u>	<u>6,991,379</u>	<u>191,485</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	648,812		648,812	634,198	14,614
General Supplies	5,000		5,000	1,847	3,153
Total Basic Skills/Remedial - Instruction	<u>653,812</u>		<u>653,812</u>	<u>636,045</u>	<u>17,767</u>
Bilingual Education - Instruction					
Salaries of Teachers	219,245	(30,000)	189,245	165,055	24,190
Total Bilingual Education - Instruction	<u>219,245</u>	<u>(30,000)</u>	<u>189,245</u>	<u>165,055</u>	<u>24,190</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	379,440	80,923	460,363	460,363	
Purchased Services- Performing Arts		900	900	900	
Purchased Services	1,000		1,000	1,000	
Supplies and Materials	69,080	22,998	92,078	85,742	6,336
Other Objects	30,250		30,250	17,605	12,645
Total School-Spon. Cocurricular Actvts. - Inst.	<u>479,770</u>	<u>104,821</u>	<u>584,591</u>	<u>565,610</u>	<u>18,981</u>
School-Spon. Athletics					
Salaries	668,212	(71,695)	596,517	567,565	28,952
Purchased Services	125,510	(103)	125,407	106,790	18,617
Cleaning, Repair and Maintenance Services	15,818	27,055	42,873	26,567	16,306
Rentals	15,000		15,000	3,497	11,503
Insurance	65,000		65,000	63,307	1,693
Supplies and Materials	142,710	3,671	146,381	83,959	62,422
Other Objects	112,610	19,294	131,904	105,305	26,599
Total School-Spon. Athletics	<u>1,144,860</u>	<u>(21,778)</u>	<u>1,123,082</u>	<u>956,990</u>	<u>166,092</u>
Total Instruction	<u>34,542,407</u>	<u>(724,887)</u>	<u>33,817,520</u>	<u>33,019,089</u>	<u>798,431</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<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	\$ 305,092	\$ (172,797)	\$ 132,295	\$ 79,282	\$ 53,013
Tuition to County Voc. School Dist. - Regular	62,029	9,341	71,370	69,804	1,566
Tuition to CSSD & Regional Day Schools	26,524	(26,524)			
Tuition to Private Schools for the Disabled - Within State	2,491,353	253,654	2,745,007	2,569,537	175,470
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	152,500	99,834	252,334	252,334	
Total Undistributed Expenditures - Instruction	<u>3,037,498</u>	<u>163,508</u>	<u>3,201,006</u>	<u>2,970,957</u>	<u>230,049</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	106,221	(16,534)	89,687	74,455	15,232
Total Undistributed Expenditures - Attend. and Social Work	<u>106,221</u>	<u>(16,534)</u>	<u>89,687</u>	<u>74,455</u>	<u>15,232</u>
Undistributed Expenditures- Health Services					
Salaries	639,630	(36,400)	603,230	595,178	8,052
Salaries of Social Services Coordinator	2,000		2,000		2,000
Purchased Professional and Technical Services	26,180	1,555	27,735	25,031	2,704
Other Purchased Services	960		960	368	592
Supplies and Materials	20,438	308	20,746	11,103	9,643
Total Undistributed Expenditures - Health Services	<u>689,208</u>	<u>(34,537)</u>	<u>654,671</u>	<u>631,680</u>	<u>22,991</u>
Undistributed Expenditures - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	886,905	(34,341)	852,564	852,564	
Purchased Professional - Educational Services	97,300	66,480	163,780	150,721	13,059
Supplies and Materials	7,713	16	7,729	7,729	
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services	<u>991,918</u>	<u>32,155</u>	<u>1,024,073</u>	<u>1,011,014</u>	<u>13,059</u>
Undistributed Expenditures - Other Supp. Serv. Students - Extra Serv.					
Salaries	92,463	(45,481)	46,982	39,749	7,233
Other Salaries for Instruction	522,427	615	523,042	520,277	2,765
Purchased Professional - Educational Services	398,995	114,521	513,516	481,012	32,504
Supplies and Materials	44,300	449	44,749	43,586	1,163
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>1,058,185</u>	<u>70,104</u>	<u>1,128,289</u>	<u>1,084,624</u>	<u>43,665</u>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	1,499,112	10,871	1,509,983	1,476,550	33,433
Salaries of Secretarial and Clerical Assistants	145,330	3,014	148,344	148,188	156
Other Salaries		11,550	11,550	11,550	
Purchased Professional - Educational Services	23,600		23,600	23,433	167
Other Purchased Prof. and Tech. Services	12,600		12,600	6,664	5,936
Supplies and Materials	11,495	(2,500)	8,995	4,604	4,391
Other Objects	5,708		5,708	3,260	2,448
Total Undist. Expend. - Guidance	<u>1,697,845</u>	<u>22,935</u>	<u>1,720,780</u>	<u>1,674,249</u>	<u>46,531</u>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	1,985,209	(48,956)	1,936,253	1,930,217	6,036
Salaries of Secretarial and Clerical Assistants	185,720	2,321	188,041	186,405	1,636
Other Purchased Prof. and Tech. Services	34,750	18,935	53,685	51,835	1,850
Other Purchased Services	5,000		5,000		5,000
Other Purchased Services	4,000		4,000	3,110	890
Supplies and Materials	34,600	5,593	40,193	39,947	246
Other Objects	6,725	599	7,324	7,323	1
Total Undistributed Expenditures - Child Study Teams	<u>2,256,004</u>	<u>(21,508)</u>	<u>2,234,496</u>	<u>2,218,837</u>	<u>15,659</u>
Undistributed Expenditures - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	955,352	(62,530)	892,822	783,505	109,317
Other Salaries	-	30	30	30	
Supplies and Materials	500	323	823	823	
Other Objects	500		500	52	448
Total Undistributed Expenditures - Improvement of Inst. Serv.	<u>956,352</u>	<u>(62,177)</u>	<u>894,175</u>	<u>784,410</u>	<u>109,765</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 566,042	\$ 67,418	\$ 633,460	\$ 633,459	\$ 1
Other Purchased Services	107,690	(2,878)	104,812	73,958	30,854
Supplies and Materials	71,000	766	71,766	52,834	18,932
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>744,732</u>	<u>65,306</u>	<u>810,038</u>	<u>760,251</u>	<u>49,787</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	737,367	(50,330)	687,037	479,515	207,522
Other Salaries		330	330	330	
Purchased Professional - Educational Services	24,650	200	24,850	9,076	15,774
Other Purchased Services	62,675	(16,745)	45,930	35,005	10,925
Supplies and Materials	13,000	(9,000)	4,000	2,784	1,216
Other Objects	26,375		26,375	13,858	12,517
Total Undist. Expend. - Instructional Staff Training Serv.	<u>864,067</u>	<u>(75,545)</u>	<u>788,522</u>	<u>540,568</u>	<u>247,954</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	581,749	(3,747)	578,002	567,212	10,790
Legal Services	315,000	(24,500)	290,500	225,115	65,385
Audit Fees	76,000		76,000	62,500	13,500
Architectural/Engineering Services	45,000	35,500	80,500	80,500	
Other Purchased Professional Services	30,000	147	30,147	30,147	
Other Purchased Professional and Technical Services	3,500		3,500		3,500
Insurance	2,400	145	2,545	1,985	560
Communications/Telephone	63,384	169	63,553	24,872	38,681
Travel	12,120		12,120	6,747	5,373
Board of Education Other Purchased Services	10,000		10,000	5,578	4,422
Miscellaneous Purchased Services	5,000		5,000	660	4,340
General Supplies	13,895		13,895	3,030	10,865
Board of Education In-House Training/Meeting Supplies	12,200	(11,000)	1,200	154	1,046
Miscellaneous Expenditures	32,562	3,600	36,162	26,411	9,751
Board of Education Dues and Fees	46,000		46,000	23,160	22,840
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,248,810</u>	<u>314</u>	<u>1,249,124</u>	<u>1,058,071</u>	<u>191,053</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,130,173	150,599	2,280,772	2,168,059	112,713
Salaries of Secretarial and Clerical Assistants	791,320	34,702	826,022	819,842	6,180
Other Purchased Services	28,999	3,234	32,233	24,359	7,874
Travel	3,000		3,000	680	2,320
Supplies and Materials	17,145	(44)	17,101	5,567	11,534
Other Objects	19,593		19,193	9,100	10,093
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,990,230</u>	<u>188,491</u>	<u>3,178,321</u>	<u>3,027,607</u>	<u>150,714</u>
Undist. Expend. - Central Services					
Salaries	851,066	28,066	879,132	876,618	2,514
Purchased Professional Services	31,000		31,000	29,962	1,038
Purchased Technical Services	15,000	(3,271)	11,729	7,171	4,558
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	4,000	3,524	7,524	7,524	
Travel	5,000	737	5,737	5,016	721
Miscellaneous Purchased Services	40,000	3,746	43,746	42,904	842
Supplies and Materials	27,000	(1,615)	25,385	18,802	6,583
Miscellaneous Expenditures	7,060	3,035	10,095	9,542	553
Total Undist. Expend. - Central Services	<u>980,426</u>	<u>34,222</u>	<u>1,014,648</u>	<u>997,539</u>	<u>17,109</u>
Undist. Expend. - Technology Admin.					
Salaries	658,067	4,015	662,082	662,082	
Cleaning, Repair and Maintenance Services	50,640	800	51,440	26,842	24,598
Rentals	128		128		128
Travel	5,700	43	5,743	5,312	431
Supplies and Materials	160,820	(44)	160,776	155,797	4,979
Other Objects	600		600	600	
Total Undist. Expend. - Technology Admin.	<u>875,955</u>	<u>4,814</u>	<u>880,769</u>	<u>850,633</u>	<u>30,136</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	\$ 707,706	\$ (45,223)	\$ 662,483	\$ 660,166	\$ 2,317
Cleaning, Repair and Maintenance Services	730,000	104,039	834,039	774,213	59,826
Travel	6,500		6,500	17	6,483
General Supplies	203,000	156,608	359,608	355,047	4,561
Other Objects	2,000		2,000	1,455	545
Total Undist. Expend. - Required Maint. for Sch. Facil.	<u>1,649,206</u>	<u>215,424</u>	<u>1,864,630</u>	<u>1,790,898</u>	<u>73,732</u>
Undist. Expend. - Custodial Services					
Salaries	2,066,291	29,647	2,095,938	2,078,924	17,014
Salaries of Non-Instructional Aides	68,834	(8,802)	60,032	47,249	12,783
Cleaning, Repair and Maintenance Services	283,100	(22,816)	260,284	252,137	8,147
Other Purchased Property Services	135,800		135,800	108,823	26,977
Insurance	398,221	7,166	405,387	405,387	
General Supplies	182,025	36,701	218,726	211,803	6,923
Gasoline	27,000	102,300	129,300	128,435	865
Natural Gas	425,000	(65,487)	359,513	281,172	78,341
Electricity	602,000	(102,300)	499,700	459,702	39,998
Interest on Energy Savings Improvement Program Bonds	77,429		77,429	77,429	
Principal on Energy Savings Improvement Program Bonds	257,651		257,651	257,651	
Other Objects	5,000	(5,000)			
Total Undist. Expend. - Custodial Services	<u>4,528,351</u>	<u>(28,591)</u>	<u>4,499,760</u>	<u>4,308,712</u>	<u>191,048</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	122,545	(25,287)	97,258	93,836	3,422
Cleaning, Repair and Maintenance Services	93,500	3,188	96,688	94,746	1,942
General Supplies	38,400	918	39,318	38,838	480
Total Undist. Expend. - Care and Upkeep of Grounds	<u>254,445</u>	<u>(21,181)</u>	<u>233,264</u>	<u>227,420</u>	<u>5,844</u>
Undist. Expend. - Security					
Salaries	223,695	(97,780)	125,915	106,370	19,545
Purchased Professional and Technical Services	161,000	47,000	208,000	208,000	
Cleaning, Repair and Maintenance Services	85,200	4,782	89,982	72,770	17,212
General Supplies	170,350	(99,847)	70,503	47,012	23,491
Total Undist. Expend. - Security	<u>640,245</u>	<u>(145,845)</u>	<u>494,400</u>	<u>434,152</u>	<u>60,248</u>
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	38,831	(2,439)	36,392	29,870	6,522
Management Fees - ESC & CTSA Transportation Programs	13,000	1,920	14,920	14,920	
Other Purchased Professional and Technical Services	5,000	1,150	6,150	6,150	
Contracted Services Aid In Lieu of Payment for Non-public School Students	235,000	(12,577)	222,423	220,981	1,442
Contracted Services (Between Home and School) - Vendors	1,080,575	(23,727)	1,056,848	949,093	107,755
Contracted Services (Other than Between Home and School) - Vendors	479,602	(39,235)	440,367	341,217	99,150
Contracted Services (Regular Students) - ESCs	210,000	24,149	234,149	227,385	6,764
Contracted Services (Special Education Students) - ESCs	1,850,000	432,903	2,282,903	2,282,903	
Total Undist. Expend. - Student Transportation Serv.	<u>3,912,008</u>	<u>382,144</u>	<u>4,294,152</u>	<u>4,072,519</u>	<u>221,633</u>
Unallocated Benefits					
Social Security Contributions	877,000	105,967	982,967	982,967	
Other Retirement Contributions - Regular	1,002,700	4,412	1,007,112	1,001,639	5,473
Workmen's Compensation	285,000		285,000	268,725	16,275
Health Benefits	9,080,312	(96,739)	8,983,573	8,778,625	204,948
Tuition Reimbursement	165,000		165,000	151,651	13,349
Other Employee Benefits	245,000		245,000	132,277	112,723
Total Unallocated Benefits	<u>11,655,012</u>	<u>13,640</u>	<u>11,668,652</u>	<u>11,315,884</u>	<u>352,768</u>
On-behalf Teachers' Pension and Annuity Fund				12,186,169	(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,201,277	(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,111	(5,111)
Reimbursed TPAF Social Security Contribution				2,484,140	(2,484,140)
Total On-behalf Contributions				<u>17,876,697</u>	<u>(17,876,697)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>41,136,718</u>	<u>786,739</u>	<u>41,923,457</u>	<u>57,711,177</u>	<u>(15,787,720)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>75,679,125</u>	<u>61,852</u>	<u>75,740,977</u>	<u>90,730,266</u>	<u>(14,989,289)</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<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	\$ 100,000	\$ 2,057	\$ 102,057	\$ 101,983	\$ 74
Total Undistributed Expenditures:	<u>100,000</u>	<u>2,057</u>	<u>102,057</u>	<u>101,983</u>	<u>74</u>
Required Maintenance for School Facilities					
Non-Instructional equipment	50,000	1,631	51,631	34,596	17,035
Total Required Maintenance for School Facilities	<u>50,000</u>	<u>1,631</u>	<u>51,631</u>	<u>34,596</u>	<u>17,035</u>
Custodial Services					
Non-Instructional equipment		13,100	13,100	3,443	9,657
Total Custodial Services		<u>13,100</u>	<u>13,100</u>	<u>3,443</u>	<u>9,657</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	170,200		170,200	136,300	33,900
Construction Services	1,681,400	589,592	2,270,992	2,083,858	187,134
Other Objects - Debt Service Assessment	112,459		112,459	112,459	
Total Facilities Acquisition and Construction Services	<u>1,964,059</u>	<u>589,592</u>	<u>2,553,651</u>	<u>2,332,617</u>	<u>221,034</u>
TOTAL CAPITAL OUTLAY	<u>2,114,059</u>	<u>606,380</u>	<u>2,720,439</u>	<u>2,472,639</u>	<u>247,800</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	18,950		18,950		18,950
General Supplies	1,200		1,200	1,160	40
Total Summer School - Instruction	<u>20,150</u>		<u>20,150</u>	<u>1,160</u>	<u>18,990</u>
Total Summer School	<u>20,150</u>		<u>20,150</u>	<u>1,160</u>	<u>18,990</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	202,000		202,000	179,696	22,304
General Supplies	2,000		2,000	1,848	152
Total Instructional Alternative Education Programs - Instruction	<u>204,000</u>		<u>204,000</u>	<u>181,544</u>	<u>22,456</u>
TOTAL SPECIAL SCHOOLS	<u>224,150</u>		<u>224,150</u>	<u>182,704</u>	<u>41,446</u>
Contribution to Charter Schools	34,868	43,300	78,168	78,168	
TOTAL EXPENDITURES	<u>78,052,202</u>	<u>711,532</u>	<u>78,763,734</u>	<u>93,463,777</u>	<u>(14,700,043)</u>
Change in fund balance	(2,674,901)	(711,532)	(3,386,433)	1,161,696	4,548,129
Fund Balance, July 1	<u>11,162,597</u>	-	<u>11,162,597</u>	<u>11,162,597</u>	-
Fund Balance, June 30	<u>\$ 8,487,696</u>	<u>\$ (711,532)</u>	<u>\$ 7,776,164</u>	<u>\$ 12,324,293</u>	<u>\$ 4,548,129</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023**

	<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		\$ (711,532)	\$ (711,532)	\$ (711,532)	
Budgeted Fund Balance	\$ (674,901)		(674,901)	(126,772)	\$ 548,129
Increase in Capital Reserve				4,000,000	4,000,000
Withdrawal from Capital Reserve	<u>(2,000,000)</u>		<u>(2,000,000)</u>	<u>(2,000,000)</u>	
Total	<u>\$ (2,674,901)</u>	<u>\$ (711,532)</u>	<u>\$ (3,386,433)</u>	<u>\$ 1,161,696</u>	<u>\$ 4,548,129</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus-current year				\$ 264,831	
Capital Reserve				6,755,000	
Emergency Reserve				165,005	
Unemployment Compensation				336,203	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,150,117	
Year End Encumbrances				261,395	
Unassigned Fund Balance				<u>2,391,742</u>	
Budgetary Fund Balance				<u>\$ 12,324,293</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance				\$ 12,324,293	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(414,815)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 11,909,478</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2023**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
Federal Sources	\$ 759,310	\$ 1,309,950	\$ 2,069,260	\$ 1,348,687	\$ (720,573)
State Sources	171,160	166,180	337,340	215,032	(122,308)
Local Sources		279,588	279,588	791,499	511,911
Total Revenues	<u>\$ 930,470</u>	<u>\$ 1,755,718</u>	<u>\$ 2,686,188</u>	<u>\$ 2,355,218</u>	<u>\$ (330,970)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		\$ 331,133	\$ 331,133	\$ 200,789	\$ 130,344
Purchased Professional and Technical Services		20,300	20,300	5,400	14,900
Purchased Professional and Educational Services	\$ 94,038	36,167	130,205	111,426	18,779
Rentals		6,000	6,000	4,704	1,296
Other Purchased Services	728,000	127,235	855,235	842,128	13,107
Tuition		168,945	168,945	168,945	
Travel		2,975	2,975		2,975
General Supplies	62,993	235,528	298,521	238,880	59,641
Textbooks	16,709	6,325	23,034	22,652	382
Other Objects		4,145	4,145	3,945	200
Total Instruction	<u>901,740</u>	<u>938,753</u>	<u>1,840,493</u>	<u>1,598,869</u>	<u>241,624</u>
Support Services					
Personnel Services - Employee Benefits		103,029	103,029	63,801	39,228
Purchased Professional and Technical Services	28,730	58,782	87,512	42,755	44,757
Purchased Professional and Educational Services		55,840	55,840	7,904	47,936
Cleaning Repairs and Maintenance		300	300	286	14
Other Purchased Services		1,140	1,140	1,140	
Supplies and Materials		105,026	105,026	51,951	53,075
Scholarships				554,249	(554,249)
Student Activities				11,500	(11,500)
Total Support Services	<u>28,730</u>	<u>324,117</u>	<u>352,847</u>	<u>733,586</u>	<u>(380,739)</u>
Facilities Acquisition and Construction Services:					
Bldgs. Other than Lease Purchase Agreements		-			
Non-Instructional Equipment		691,613	691,613	16,569	675,044
Construction Services		10,000	10,000	10,000	
Buildings		191,790	191,790		191,790
Total Facilities Acquisition and Construction Services		<u>893,403</u>	<u>893,403</u>	<u>26,569</u>	<u>866,834</u>
Total Expenditures	<u>930,470</u>	<u>2,156,273</u>	<u>3,086,743</u>	<u>2,359,024</u>	<u>727,719</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (400,555)</u>	<u>\$ (400,555)</u>	<u>(3,806)</u>	<u>\$ 396,749</u>
Fund Balance, July 1				<u>624,923</u>	
Fund Balance, June 30				<u>\$ 621,117</u>	
Recapitulation of Fund Balance:					
				\$ 578,825	
				42,292	
				<u>\$ 621,117</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2023**

**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)	\$ 94,625,473	\$ 2,355,218
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		(19,633)
Prior Year, net		400,555
 State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	 362,795	
 State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	 <u>(414,815)</u>	 <u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	 <u>\$ 94,573,453</u>	 <u>\$ 2,736,140</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 93,463,777	\$ 2,359,024
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>380,922</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	 <u>\$ 93,463,777</u>	 <u>\$ 2,739,946</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, 2023

	<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	\$ 215,032	\$ 215,032				
Federal Sources	1,348,687		\$ 1,348,687			
Local Sources	791,499			\$ 229,556	\$ 553,253	\$ 8,690
Total Revenues	<u>\$ 2,355,218</u>	<u>\$ 215,032</u>	<u>\$ 1,348,687</u>	<u>\$ 229,556</u>	<u>\$ 553,253</u>	<u>\$ 8,690</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 200,789		\$ 198,765	\$ 2,024		
Purchased Professional and Technical Services	5,400			5,400		
Purchased Professional and Educational Services	111,426	\$ 111,426				
Rentals	4,704			4,704		
Other Purchased Services	842,128		836,978	5,150		
Tuition	168,945		168,945			
General Supplies	238,880	76,524.00	33,839	128,517		
Textbooks	22,652	22,652				
Other Objects	3,945	1,680		2,265		
Total Instruction	<u>1,598,869</u>	<u>212,282</u>	<u>1,238,527</u>	<u>148,060</u>		
Support Services:						
Personnel Services - Employee Benefits	63,801		63,801			
Purchased Professional and Technical Services	42,755	2,750	40,005			
Purchased Professional and Educational Services	7,904		6,354	1,550		
Cleaning, Repairs and Maintenance Services	286			286		
Other Purchased Services	1,140			1,140		
Supplies and Materials	51,951			51,951		
Other Objects	11,500					\$ 11,500
Student Activities	554,249				\$ 554,249	
Total Support Services	<u>733,586</u>	<u>2,750</u>	<u>110,160</u>	<u>54,927</u>	<u>554,249</u>	<u>11,500</u>
Facilities Acquisition and Const. Serv.:						
Bldgs. Other than Lease Purchase Agreements	26,569			26,569		
Total Facilities Acquisition and Const. Serv.	<u>26,569</u>	<u>-</u>	<u>-</u>	<u>26,569</u>		
Total Expenditures	<u>\$ 2,359,024</u>	<u>\$ 215,032</u>	<u>\$ 1,348,687</u>	<u>\$ 229,556</u>	<u>\$ 554,249</u>	<u>11,500</u>
(Deficiency) of Revenues (Under) Expenditures	(3,806)	-	-	-	(996)	(2,810)
Fund Balance, July 1	624,923	-	-	-	579,821	45,102
Fund Balance, June 30	<u>\$ 621,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,825</u>	<u>\$ 42,292</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, 2023

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Home Instruction</u>	<u>N.J. Nonpublic Exam & Classification</u>	<u>N.J. Nonpublic Technology Initiative</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Security Aid</u>	<u>N.J. Nonpublic Corrective Speech</u>	<u>N.J. Nonpublic Comensatory Education</u>	<u>N.J. Nonpublic Supplemental Instruction</u>	<u>Climate Awareness</u>
REVENUES:											
State Sources	\$ 215,032	\$ 22,652	\$ 1,348	\$ 29,767	\$ 14,354	\$ 39,088	\$ 60,105	\$ 9,308	\$ 5,153	\$ 26,762	\$ 6,495
Total State Revenues	<u>\$ 215,032</u>	<u>\$ 22,652</u>	<u>\$ 1,348</u>	<u>\$ 29,767</u>	<u>\$ 14,354</u>	<u>\$ 39,088</u>	<u>\$ 60,105</u>	<u>\$ 9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>6,495</u>
EXPENDITURES:											
Instruction:											
Purchased Professional and Educational Services	\$ 111,426		\$ 1,348	\$ 29,767		\$ 39,088		\$ 9,308	\$ 5,153	\$ 26,762	
General Supplies	76,524				\$ 14,354		\$ 60,105				\$ 2,065
Textbooks	22,652	\$ 22,652									
Other Objects	1,680										1,680
Total Instruction	<u>212,282</u>	<u>22,652</u>	<u>1,348</u>	<u>29,767</u>	<u>14,354</u>	<u>39,088</u>	<u>60,105</u>	<u>9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>3,745</u>
Support Services:											
Purchased Professional / Technical Services	2,750										2,750
Total Support Services	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,750</u>
Total Expenditures	<u>215,032</u>	<u>22,652</u>	<u>1,348</u>	<u>29,767</u>	<u>14,354</u>	<u>39,088</u>	<u>60,105</u>	<u>9,308</u>	<u>5,153</u>	<u>26,762</u>	<u>6,495</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	<u>Total</u>	<u>E.S.E.A.</u>	<u>I.D.E.A.</u>	
		<u>Title II-A</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES:				
Federal Sources	\$ 905,914	\$ 50,545	\$ 826,547	\$ 28,822
Total Federal Revenues	<u>\$ 905,914</u>	<u>\$ 50,545</u>	<u>\$ 826,547</u>	<u>\$ 28,822</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services	\$ 836,978		\$ 808,156	\$ 28,822
General Supplies	28,931	\$ 28,931		
Total Instruction	<u>865,909</u>	<u>28,931</u>	<u>808,156</u>	<u>28,822</u>
Support Services:				
Purchased Professional and Technical Services	40,005	21,614	18,391	
Total Support Services	<u>40,005</u>	<u>21,614</u>	<u>18,391</u>	<u>-</u>
Total Expenditures	<u>\$ 905,914</u>	<u>\$ 50,545</u>	<u>\$ 826,547</u>	<u>\$ 28,822</u>
(Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<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, 2023

	<u>Total</u>	<u>COVID-19 CRRSA Act</u>		<u>COVID-19</u>	<u>COVID-19</u>		
		<u>Non-Title I</u>	<u>Mental Health Relief Fund</u>	<u>Add'l Compensatory Related Services ACSERS</u>	<u>American Rescue Plan - ESSER III</u>		
					<u>Non-Title I</u>	<u>Coach and Educator Support</u>	<u>NJTSS Mental Health Support</u>
REVENUES:							
Federal Sources	\$ 442,773	\$ 11,262	\$ 940	\$ 168,945	\$ 126,876	\$ 106,203	\$ 28,547
Total Federal Revenues	<u>\$ 442,773</u>	<u>\$ 11,262</u>	<u>\$ 940</u>	<u>\$ 168,945</u>	<u>\$ 126,876</u>	<u>\$ 106,203</u>	<u>\$ 28,547</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 198,765		\$ 940		\$ 83,148	\$ 91,225	\$ 23,452
Tuition	168,945			\$ 168,945			
General Supplies	4,908	\$ 4,908					
Total Instruction	<u>372,618</u>	<u>4,908</u>	<u>940</u>	<u>168,945</u>	<u>83,148</u>	<u>91,225</u>	<u>23,452</u>
Support Services:							
Employee Benefits	63,801				43,728	14,978	5,095
Purchased Professional and Educational Services	6,354	6,354					
Total Support Services	<u>70,155</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>43,728</u>	<u>14,978</u>	<u>5,095</u>
Total Expenditures	<u>\$ 442,773</u>	<u>\$ 11,262</u>	<u>\$ 940</u>	<u>\$ 168,945</u>	<u>\$ 126,876</u>	<u>\$ 106,203</u>	<u>\$ 28,547</u>
(Deficiency) of Revenues (Under) Expenditures	<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>

LONG-TERM DEBT

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

**Long-term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2023**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2023</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000	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%			
					\$ 14,270,000	\$ 440,000	\$ 13,830,000	
Refunding Bonds - Series 2014B	11/7/2014	12,270,000	1/15/2024	1,255,000	5.000%	5,140,000	1,185,000	3,955,000
			1/15/2025	1,315,000	5.000%			
			1/15/2026	1,385,000	4.000%			
School Bonds - Series 2017	1/12/2017	15,864,000	1/15/2024	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>\$ 32,635,000</u>	<u>\$ 2,375,000</u>	<u>\$ 30,260,000</u>	

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

**Long - Term Debt
Schedule of Financed Purchases and Leases Payable
Year Ended June 30, 2023**

	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2022	Retired	Balance June 30, 2023
Financed Purchases					
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	\$ 3,292,915	\$ 257,651	\$ 3,035,264
Total financed purchases			<u>3,292,915</u>	<u>257,651</u>	<u>3,035,264</u>
Leases Payable					
Copiers	5.00%	27,727	26,499	5,069	21,430
Copiers	5.00%	27,627	23,896	5,197	18,699
Copiers	4.85%	65,805	45,061	22,023	23,038
Copiers	3.65%	132,880	96,626	37,596	59,030
Copiers	3.10%	204,677	172,787	39,403	133,384
Total leases payable			<u>364,869</u>	<u>109,288</u>	<u>255,581</u>
Total Financed Purchases and Leases Payable			<u><u>\$ 3,657,784</u></u>	<u><u>\$ 366,939</u></u>	<u><u>\$ 3,290,845</u></u>

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

**Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2023**

	<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	\$ 3,347,112		\$ 3,347,112	\$ 3,347,112	
State Sources:					
Debt Service Aid Type II	231,763		231,763	231,763	
Total Revenues	<u>3,578,875</u>		<u>3,578,875</u>	<u>3,578,875</u>	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,375,000		2,375,000	2,375,000	
Interest on Bonds	1,205,625		1,205,625	1,205,625	
Total Regular Debt Service	<u>3,580,625</u>		<u>3,580,625</u>	<u>3,580,625</u>	
Total Expenditures	<u>3,580,625</u>		<u>3,580,625</u>	<u>3,580,625</u>	
Change in Net Position	(1,750)		(1,750)	(1,750)	
Fund Balance, July 1	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>1,750</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

	2014	2015	2016	2017	As of June 30, 2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 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	\$ 48,666,434
Restricted	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	8,142,156
Unrestricted (deficit)	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)	(9,015,248)
Total governmental activities net position	\$ 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	\$ 47,793,342
Business-type activities										
Investment in capital assets	\$ 213,504	\$ 206,588	\$ 283,085	\$ 263,901	\$ 249,847	\$ 481,919	\$ 456,053	\$ 416,155	\$ 483,092	\$ 555,596
Unrestricted (deficit)	131,301	206,978	144,516	246,940	363,078	237,468	140,853	(101,886)	(149,290)	(339,961)
Total business-type activities net position	\$ 344,805	\$ 413,566	\$ 427,601	\$ 510,841	\$ 612,925	\$ 719,387	\$ 596,906	\$ 314,269	\$ 333,802	\$ 215,635
Government-wide										
Net investment in capital assets	\$ 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	\$ 49,222,030
Restricted	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	8,142,156
Unrestricted (deficit)	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)	(9,355,209)
Total government-wide net position	\$ 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	\$ 48,008,977

Source: ACFR Schedule A-1 and District records.

Notes:

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 54,089,978
Support services:										
Student and instruction related services	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	13,543,916
School administration services	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	2,512,696
General and Business administration services	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	5,895,020
Operation and Maintenance of Plant Services	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	8,105,642
Student transportation services	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	4,086,402
Special Schools	240,248	250,999	290,374	318,195	306,429	279,176	314,075	391,432	401,287	266,218
Charter Schools	20,005					32,757			31,574	78,168
Interest and other costs on long term debt	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	1,123,106
Total governmental activities	<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>	<u>89,701,146</u>
Business-type activities:										
Food service	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	1,730,748
Total business-type activities expense	<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>	<u>1,730,748</u>
Total government-wide expenses	<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>	<u>\$ 91,431,894</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 238,138	\$ 251,032	\$ 179,845	\$ 165,429	\$ 109,908	\$ 112,560	\$ 354,253	\$ 266,954	\$ 779,020	\$ 777,192
Pupil transportation	128,015	134,560	132,526	157,648	172,298	171,743	99,496		119,128	169,146
Student and instruction related services (student activities)								245,733	440,651	553,253
Operating grants and contributions	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	1,766,318
Capital grants and contributions	76,981	68,753	248,586	265,746	168,898	119,720	155,339	101,250	191,351	416,569
Total governmental activities program revenues	<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>	<u>3,682,478</u>
Business-type activities:										
Charges for services										
Food service	1,018,241	1,063,569	1,127,623	1,166,780	1,248,527	1,266,481	852,827	86,047	761,744	1,301,052
Operating grants and contributions	91,459	83,987	93,426	88,231	88,314	81,292	51,973	19,840	692,338	211,336
Capital grants and contributions									95,544	100,193
Total business type activities program revenues	<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>	<u>1,612,581</u>
Total government-wide program revenues	<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>	<u>\$ 5,295,059</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (86,018,668)
Business-type activities	49,423	68,761	14,035	83,240	102,084	106,462	(122,481)	(282,637)	19,533	(118,167)
Total government-wide net (expense)/revenue	<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>	<u>\$ (86,136,835)</u>

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

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 69,271,996
Taxes levied for debt service	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	3,347,112
Unrestricted grants and contributions	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	17,580,541
Investment earnings	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292
Miscellaneous income	366,796	434,592	543,828	781,108	471,789	649,444	579,693	406,475	483,531	586,424
Total governmental activities	<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>	<u>90,949,365</u>
Total district-wide	<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>	<u>\$ 90,949,365</u>
Change in Net Position										
Governmental activities	\$ (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	\$ 4,930,697
Business-type activities	68,761	14,035	83,240	102,084	102,084	(122,481)	(282,637)	(282,637)	19,533	(118,167)
Total district	<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>	<u>\$ 4,812,530</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

	2014	2015	2016	2017	As of June 30,		2020	2021	2022	2023
					2018	2019				
General Fund										
Restricted	\$ 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	\$ 7,521,039
Assigned	3,281,687	594,228	559,139	814,350	1,804,779	551,785	199,990	357,072	1,386,433	2,411,512
Unassigned	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	1,976,927
Total general fund	<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>	<u>\$ 11,909,478</u>
Special Revenue Fund										
Restricted for Student Activities								\$ 530,779	\$ 579,821	\$ 578,825
Restricted for Scholarships								41,203	45,102	42,292
Total special revenue fund								<u>\$ 571,982</u>	<u>\$ 624,923</u>	<u>\$ 621,117</u>
All Other Governmental Funds										
Restricted	\$ 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>\$ 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>	<u>\$ -</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
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years

(modified accrual basis of accounting)
 Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Local sources:										
Local tax levy	\$ 58,611,994	\$ 60,397,848	\$ 61,374,822	\$ 62,408,948	\$ 64,622,959	\$ 67,289,113	\$ 68,517,359	\$ 69,925,537	\$ 71,239,021	\$ 72,619,108
Transportation fees	128,015	134,560	132,526	157,648	172,298	171,743	99,496		119,128	777,192
Tuition charges	238,138	251,032	179,845	165,429	109,908	112,560	354,253	266,954	779,020	169,146
Interest earned	6,137	4,086	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292
Miscellaneous	577,470	759,473	813,561	1,137,416	1,000,368	949,903	847,393	885,616	1,185,214	1,371,695
Total local sources	59,561,754	61,546,999	62,505,443	63,913,992	66,052,837	68,694,100	69,983,394	71,139,725	73,361,179	75,100,433
State sources	7,529,811	8,572,918	9,768,918	10,524,009	12,002,024	14,026,995	14,878,443	18,142,527	22,948,013	24,149,720
Federal sources	889,684	927,131	955,119	978,150	918,151	901,459	812,547	1,220,675	1,905,869	1,638,315
Total revenue	67,981,249	71,047,048	73,229,480	75,416,151	78,973,012	83,622,554	85,674,384	90,502,927	98,215,061	100,888,468
Expenditures										
Current										
Instruction	27,779,550	29,217,240	29,900,500	29,542,038	30,053,391	31,138,093	31,754,014	32,776,888	34,278,428	34,604,872
Support services										
Tuition	2,393,463	2,437,142	2,614,988	2,207,411	2,599,310	1,859,110	2,216,158	2,001,073	2,343,344	2,970,957
Attendance/social work	59,499	62,704	63,922	63,418	61,346	60,957	64,137	70,077	70,813	74,455
Health services	643,896	646,778	581,817	610,623	644,130	636,780	608,676	622,766	631,563	631,680
Other support services	4,121,873	4,391,402	4,430,431	4,586,694	4,922,020	5,094,958	5,190,889	5,729,712	6,240,590	6,726,318
Improvement of instruction	684,763	681,907	710,701	768,984	736,096	832,220	781,444	876,871	992,482	784,410
Education media library	952,837	870,424	872,894	887,674	888,716	895,731	823,061	798,007	678,030	760,251
Other support: instructional staff	589,223	590,801	633,067	620,128	645,905	734,088	737,407	747,862	727,440	540,568
General administration services	940,291	1,097,073	1,014,515	1,012,292	946,483	857,984	967,010	857,145	993,405	1,058,071
School administration services	2,775,092	2,768,155	2,796,121	2,808,740	2,908,717	2,791,770	2,819,903	2,854,122	3,077,554	3,027,607
Central services	764,217	765,841	820,190	858,155	906,739	919,954	914,781	978,890	982,648	997,539
Administrative information technology services	515,039	554,949	570,112	569,597	640,308	625,179	749,097	760,647	856,844	850,633
Required maintenance of plant services	1,083,734	1,003,783	1,294,195	468,246	1,035,271	942,738	894,714	1,139,557	1,568,750	1,455,818
Operation and maintenance of plant services	3,711,271	3,448,907	3,349,202	4,143,277	3,416,857	4,054,086	4,007,990	3,890,594	4,561,326	4,308,712
Care and upkeep of grounds	198,345	181,119	196,180	222,214	255,715	223,095	222,256	253,504	243,202	227,420
Security	318,926	260,094	280,096	319,620	357,376	409,161	382,106	426,947	415,323	434,152
Student transportation	2,452,291	2,556,692	2,689,656	2,866,750	2,933,629	3,109,660	2,706,324	2,706,065	3,672,273	4,072,519
Unallocated benefits and On-behalf TPAF Contributions	13,529,741	15,222,766	15,907,046	17,180,349	19,323,273	21,903,781	22,038,390	24,465,793	28,714,299	29,192,581
Special schools	172,110	157,266	176,007	173,744	157,722	161,065	187,967	217,928	263,033	182,704
Charter Schools	20,005					32,757	28,424	31,574	78,168	
Capital outlay	1,627,283	4,412,782	5,921,538	2,891,526	12,666,076	6,093,698	4,309,514	730,364	3,339,289	2,889,208
Debt Service:										
Principal	1,270,000	1,515,000	1,490,000	1,725,391	1,911,463	2,224,490	2,331,449	2,444,490	2,280,000	2,632,651
Interest	1,467,760	1,039,879	1,193,751	1,346,458	1,654,154	1,614,291	1,554,668	1,470,112	1,296,275	1,283,054
Cost of issuance		202,200		221,666						
Total expenditures	68,071,209	74,084,904	77,506,929	76,094,995	89,664,697	87,215,646	86,261,955	86,847,838	98,258,485	99,784,348
Excess (Deficiency) of revenues over (under) expenditures	(89,960)	(3,037,856)	(4,277,449)	(678,844)	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120
Other Financing sources (uses)										
Refunding bonds issued		28,545,000								
Bonds issued				15,864,000						
Payment to bond escrow agent		(32,434,091)								
Financed purchase proceeds			5,390,000							
Equity contribution		70,000								
Premium on bonds issued		4,024,722		157,806						
Additional proceeds		(3,431)								
Transfers in	80,738	362,436	328,757	41,951	129,495	68,990	20,316	1,750		
Transfers out	(80,738)	(362,436)	(328,757)	(41,951)	(129,495)	(68,990)	(20,316)	(1,750)		
Total other financing sources (uses)	-	202,200	5,390,000	16,021,806	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(89,960)	(2,835,656)	1,112,551	15,342,962	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120
Fund balance July 1	8,280,088	8,190,128	5,354,472	6,467,023	21,809,985	11,118,300	7,525,208	7,814,810	11,469,899	11,426,475
Fund balance June 30	\$ 8,190,128	\$ 5,354,472	\$ 6,467,023	\$ 21,809,985	\$ 11,118,300	\$ 7,525,208	\$ 6,937,637	\$ 11,469,899	\$ 11,426,475	\$ 12,530,595
Debt service as a percentage of noncapital expenditures	4.12%	3.67%	3.75%	4.20%	4.63%	4.73%	4.74%	4.55%	3.77%	4.04%
Source: District records										
Note: Noncapital expenditures are total expenditures less capital outlay and debt service.										
Note: The District implemented GASB 84 in FY 2021. The July 1, 2020 fund balance was retrospectively adjusted to reflect implementation.										

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

(modified accrual basis of accounting)
 Unaudited

Year Ended June 30,	Tuition	Interest on Investments	Facility Use Fees	Prior Year Refunds	Miscellaneous	Energy Savings Rebates	Transportation Fees	Annual Totals
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
2023	777,192	163,292	96,104	174,075	316,245		169,146	1,696,054

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 *	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
Borough of Chatham													
2014	\$ 8,658,600	\$ 1,782,763,600	-	\$ 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	-	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	-	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	-	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	-	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	-	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	-	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	-	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	2,732,098,624	1.309
2022	9,359,900	1,865,478,800	-	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	2,875,548,452	1.321
2023	9,170,300	2,680,666,600	-	1,600	268,594,600	34,552,100	108,185,200	1,041,150	3,102,211,550	231,806,300	2,870,405,250	3,163,864,151	1.081
Township of Chatham													
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	3,755,359,224	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	4,086,904,522	1.228
2023	15,275,700	3,184,149,200	7,942,900	103,700	120,400,500	1,285,800	51,740,000	1,594,897	3,382,492,697	13,963,900	3,368,528,797	4,443,871,977	1.276

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						
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	0.44	0.32	2.14
2022	1.31	0.06	1.37	0.46	0.31	2.18
2023	1.32	0.06	1.38	0.47	0.33	2.18
Township of Chatham						
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	0.35	0.30	1.95
2023	1.23	0.05	1.28	0.38	0.29	1.95

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

	2023			2014	
	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					
	2023			2014	
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	
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%	-
2023	72,619,108	72,619,108	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	
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	46,605,331	45,978,654	98.66%	*
2023	46,562,633	*	*	*

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	
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	64,035,049	99.34%	356,249
2022	65,337,950	64,962,587	99.43%	*
2023	65,979,881	*	*	*

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	Leases and Financed Purchases			
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	0.25%	102,227
2021	34,915,000	3,742,825	38,657,825	0.28%	107,767
2022	32,635,000	3,657,784	36,292,784	**	**
2023	30,260,000	3,290,845	33,550,845	**	**

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

General Bonded Debt Outstanding						
Year Ended June 30,	General Obligation Bonds	School Energy Savings (ESIP)	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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%	102,227
2021	34,915,000	3,742,825	22,066	38,635,759	1.95%	107,767
2022	32,635,000	3,657,784	1,750	36,291,034	1.82%	**
2023	30,260,000	3,290,845		33,550,845	1.17%	**

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, 2023**

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>\$ 30,260,000</u>
Total direct and overlapping debt			<u><u>\$ 30,260,000</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 2023

	Chatham Borough	Chatham Township*	Equalized Valuation Basis Total
2022	\$2,875,548,452	\$4,086,904,522	\$6,962,452,974
2021	\$2,732,098,624	\$3,755,389,224	\$6,487,487,848
2020	\$2,553,233,615	\$3,679,145,807	\$6,232,379,422
	<u>\$2,720,293,564</u>	<u>\$3,840,479,851</u>	<u>\$19,682,320,244</u>
Average equalized valuation of taxable property			<u>\$ 6,560,773,415</u>
Debt limit (4% of average equalization value)			\$ 262,430,937 ^a
Total Net Debt Applicable to Limit			33,550,845
Legal debt margin			<u>\$ 228,880,092</u>

Year ended June 30:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 226,094,287	\$ 226,126,861	\$ 228,700,926	\$ 233,870,400	\$ 236,442,812	\$ 241,533,977	\$ 249,965,920	\$ 249,606,396	\$ 168,296,398	\$ 262,430,937
Total net debt applicable to limit	<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>38,429,652</u>	<u>33,550,845</u>
Legal debt margin	<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>\$ 129,866,746</u>	<u>\$ 228,880,092</u>
Total net debt applicable to the limit as a percentage of debt limit	14.62%	12.85%	14.42%	20.20%	19.15%	15.64%	16.33%	15.40%	22.83%	12.78%

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				
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	879,254,427	102,227	5.00%
2021	9,253	997,168,051	107,767	3.70%
2022	9,226	**	**	2.20%
2023	**	**	**	**
Township of Chatham				
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	1,033,208,289	102,227	5.60%
2021	10,935	1,178,432,145	107,767	3.90%
2022	10,962	**	**	2.40%
2023	**	**	**	**

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>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Percentage of</u>
TOWNSHIP OF CHATHAM	59	*	57	*
BOROUGH OF CHATHAM	52	43.70%	51	44.74%

* This information not available for the District.

** Full time employees

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

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

Unaudited

<u>Function/Program</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>	<u>2023</u>
Instruction										
Regular	292.90	292.90	299.90	302.40	315.50	322.41	333.00	330.70	340.70	335.50
Special Education	120.30	127.80	133.90	135.40	141.20	144.29	149.03	148.00	153.00	155.00
Support Services										
Student & instruction related services	30.40	30.40	30.40	31.40	32.80	33.52	34.62	34.40	38.40	38.40
General administrative services	5.00	5.00	5.00	6.00	6.10	6.23	6.43	6.40	6.40	6.40
School administrative services	35.70	35.70	35.70	35.70	37.20	38.01	39.26	39.00	40.00	38.00
Business administrative services	8.00	8.00	8.00	8.00	8.40	8.58	8.86	8.80	9.00	9.00
Plant operation & maintenance	44.00	45.00	45.00	45.00	47.20	48.23	49.80	49.50	49.00	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>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>	<u>632.30</u>

Source: District Personnel Records and 2023 budget support document.

Operating Statistics
Last Ten Fiscal Years

J-17

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
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	-1.26%	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	-1.72%	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	-3.71%	97.94%
2022	3,730	89,235,114	23,924	27.41%	368.00	16.8:1	13.5:0	13.1:0	3,764	3,580	-3.27%	95.13%
2023	3,603	92,979,435	25,806	36.23%	370.00	15.7:9	12.5:0	13:03:01	3,549	3,385	-5.71%	95.38%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

* Information not available

** This information is not yet available

**School District of the Chathams
School Building Information**

Last Ten Fiscal Years

Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Milton Avenue School (1948)										
Square Feet	42,050	42,050	42,050	42,050	42,050	42,184	42,184	42,184	42,184	42,184
Capacity (students)	336	336	336	336	336	477	477	477	477	477
Enrollment	370	364	356	356	291	274	282	284	295	282
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	452	456	464	464	499	468	434	414	379	372
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	457	433	428	397	377	349	328	314	299	296
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	709	680	652	691	696	679	659	592	575	545
<u>Middle School</u>										
Chatham Middle School (1957)										
Square Feet	191,720	191,720	191,720	191,720	178,170	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	941	991	1,054	1,086	1,037	1,036	995	984	920	875
<u>High School</u>										
Chatham High School (1962)										
Square Feet	237,730	237,730	237,730	243,790	237,730	243,790	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	1,201	1,188	1,198	1,239	1,272	1,310	1,341	1,312	1,262	1,233
Number of Schools at June 30, 2023								3,900	3,730	3,603
Elementary = 4										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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

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

Unaudited

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

Year ended June 30	Chatham HS	Chatham MS	Lafayette Avenue School	Washington Avenue School	Southern Blvd School	Milton Avenue School	Total
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
2021	\$565,895	\$413,575	\$168,731	\$144,149	\$178,480	\$97,919	\$1,568,749
2022	\$647,564	\$473,262	\$193,082	\$164,952	\$204,238	\$112,051	\$1,795,149
2023	\$646,031	\$472,141	\$192,625	\$164,561	\$203,754	\$111,786	\$1,790,898
Grand Total School Facilities	<u>\$8,368,591</u>	<u>\$5,941,246</u>	<u>\$2,581,545</u>	<u>\$1,879,371</u>	<u>\$2,501,115</u>	<u>\$1,691,844</u>	<u>\$22,963,712</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 Chathams
Insurance Schedule
Year ended June 30, 2023**

Unaudited

	Coverage	Deductible
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)
	\$1,000,000	\$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)
CAP	\$25,000,000	
Excess Liability - Evanston	\$5,000,000	
Student Accident- Bollinger & Zurich		
Maximum Benefit	\$6,000,000	per occurrence
		\$500,000
Public Officials Bonds		
Treasurer of School Monies - Selective Insurance	\$360,000	
Business Administrator - Selective Insurance	\$310,000	
Assistant Business Administrator - Selective Insurance	\$160,000	

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 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
December 4, 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, 2023. 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, 2023.

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
December 4, 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, 2023

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, 2022	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2023		Due to Grantor	Amounts Provided to Subrecipients
					From	To					(Accounts Receivable)	Unearned Revenue		
General Fund:														
U.S. Department of Labor - Passed														
Through State Department of Labor:														
COVID-19 American Rescue Plan Act (ARPA) -														
Unemployment Reimbursement (NC)														
	17.000	Not available	Not Available	\$ 74,990	7/1/2021	6/30/2023		\$ 74,990	\$ (74,990)					
Total General Fund														
								74,990	(74,990)					
Enterprise Fund:														
U.S. Department of Agriculture Passed -														
Through State Department of Agriculture:														
Child Nutrition Program Cluster:														
Food Donation Program (NC)														
	10.555	221NJ304N1099	N/A	29,130	7/1/2021	6/30/2022	\$ 4,390		(4,390)					
	10.555	231NJ304N1099	N/A	23,997	7/1/2022	6/30/2023		23,997	(23,997)					
National School Lunch Program														
	10.555	221NJ304N1099	N/A	697,888	7/1/2021	6/30/2022	(48,855)	48,855						
	10.555	231NJ304N1099	N/A	103,901	7/1/2022	6/30/2023		100,336	(103,901)	\$	(3,565)			
COVID-19 Supply Chain Assistance														
	10.555	231NJ304N1099	N/A	72,233	1/1/2143	6/30/2023		72,233	(72,233)					
Total Child Nutrition Program Cluster														
								(44,465)	245,421	(204,521)		(3,565)		
Total U.S. Department of Agriculture Passed -														
Through State Department of Agriculture														
								(44,465)	245,421	(204,521)		(3,565)		
Special Revenue Fund:														
U.S. Department of Education Passed -														
Through State Department of Education:														
E.S.E.A. Title II A														
	84.367A	S367A190029	N/A	59,170	7/1/2022	9/30/2023		31,452	(50,545)		(19,093)			
COVID-19 Education Stabilization Fund:														
COVID-19 CRRSA Act - Non-Title I														
	84.425D	S425D210027	N/A	401,209	3/13/2020	9/30/2023	(117,638)	118,587	(11,262)		(10,313)			
COVID-19 CRRSA Act - Learning Acceleration														
	84.425D	S425D210027	N/A	17,580	3/13/2020	9/30/2023	(4,603)	4,603						
COVID-19 CRRSA Act - Mental Health														
	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	(5,163)	8,778	(940)		\$ 2,675			
American Rescue Plan - ESSER III - Non-Title I														
	84.425U	S425U210027	N/A	802,418	3/13/2020	9/30/2024	(211,634)	175,120	(126,876)	\$ 35,950	(127,440)			
American Rescue Plan - ESSER III - Accelerated Learning Coach and Educator Support														
	84.425U	S425U210027	N/A	301,869	3/13/2020	9/30/2024	(39,424)	87,442	(106,203)		(58,185)			
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	2,848	395			3,243			
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)	23,441	(28,547)		(21,559)			
Total Education Stabilization Fund														
								(386,767)	418,366	(273,828)	35,950	(217,497)	11,218	
Special Education Cluster:														
Covid-19 American Rescue Plan - I.D.E.A. Part B, Basic														
	84.027X	H027X210100	N/A	183,369	7/1/2021	9/30/2022	(4,770)	4,770						
I.D.E.A. Part B, Basic														
	84.027A	H027A210100	N/A	884,306	7/1/2021	9/30/2022	(56,541)	56,541						
I.D.E.A. Part B, Basic														
	84.027A	H027A220100	N/A	845,428	7/1/2022	9/30/2023		742,935	(826,547)		(83,612)			
I.D.E.A. Preschool														
	84.173	H173A220114	N/A	28,822	7/1/2023	9/30/2023		28,822	(28,822)					
Subtotal of Special Education Cluster														
								(61,311)	833,068	(855,369)		(83,612)		
Subtotal of US Department of Education Passed -														
through State Department of Education:														
								(448,078)	1,282,886	(1,179,742)	35,950	(320,202)	11,218	
U.S. Department of the Treasury Passed -														
Through State Department of Treasury:														
COVID-19 Coronavirus State and Local Fiscal Recovery Funds														
Additional or Compensatory Special Education and Related Services for														
Students with Disabilities														
	21.027	SLFRFDOE1SES	N/A	221,676	3/1/2021	12/31/2024	(96,925)	96,925						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds														
Additional or Compensatory Special Education and Related Services for														
Students with Disabilities														
	21.027	SLFRFDOE1SES	N/A	168,945	3/1/2022	12/31/2025			(168,945)		(168,945)			
Total U.S. Department of the Treasury Passed -														
Through State Department of Treasury:														
								(96,925)	96,925	(168,945)		(168,945)		
Total Special Revenue Fund														
								(545,003)	1,379,811	(1,348,687)	35,950	(489,147)	11,218	
Total expenditures of Federal Awards														
								\$ (589,468)	\$ 1,700,222	\$ (1,628,198)	\$ (35,950)	\$ (492,712)	\$ 11,218	\$ -

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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period		Award Amount	Balance July 1, 2022	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2023			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	22-495-034-5120-089	7/1/2021	6/30/2022	\$ 2,878,541			\$ 277,566							
Categorical Special Education Aid	23-495-034-5120-089	7/1/2022	6/30/2023	3,409,728			3,080,307	(3,409,728)					\$ (329,421)	\$ (3,409,728)
Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022	723,961			69,809							
Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023	723,961			654,017	(723,961)					(69,944)	(723,961)
Security Aid	22-495-034-5120-084	7/1/2021	6/30/2022	159,916			15,420							
Security Aid	23-495-034-5120-084	7/1/2022	6/30/2023	159,916			144,466	(159,916)					(15,450)	(159,916)
Extraordinary Aid	22-100-034-5120-473	7/1/2021	6/30/2022	982,216	\$ (982,216)		982,216							
Extraordinary Aid	23-100-034-5120-473	7/1/2022	6/30/2023	1,374,678				(1,374,678)		\$ (1,374,678)				(1,374,678)
Non-Public School Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022	107,719	(107,719)		107,719							
Non-Public School Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023	105,322				(105,322)		(105,322)				(105,322)
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	7/1/2022	6/30/2023	12,186,169			12,186,169	(12,186,169)						(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	23-495-034-5095-001	7/1/2022	6/30/2023	3,201,277			3,201,277	(3,201,277)						(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	23-495-034-5094-004	7/1/2022	6/30/2023	5,111			5,111	(5,111)						(5,111)
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	7/1/2021	6/30/2022	2,470,341	(122,829)		122,829							
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	7/1/2022	6/30/2023	2,484,140			2,361,044	(2,484,140)			(123,096)			(2,484,140)
Total State Department of Education:							23,207,950	(23,650,302)			(1,603,096)		(414,815)	(23,650,302)
Schools Development Authority														
Schools Security Grant (Alyssa's Law)	100-034-5120-588-001	4/1/2021	3/31/2023	234,432	(33,050)		33,050							(234,432)
Total School Development Authority					(33,050)		33,050							(234,432)
State Department of Health														
Lead Testing of Drinking Water	23-495-034-5120-104	7/1/2022	6/30/2023	7,121			7,121	(7,121)						(7,121)
Total State Department of Health														
Total General Fund					(1,245,814)		23,248,121	(23,657,423)			(1,603,096)		(414,815)	(23,891,855)
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbook Aid	22-100-034-5120-064	7/1/2021	6/30/2022	20,886	162				\$ (162)					
Textbook Aid	23-100-034-5120-064	7/1/2022	6/30/2023	23,034			23,034	(22,652)				\$ 382		(22,652)
Auxiliary Services:														
Compensatory Education	22-100-034-5120-067	7/1/2021	6/30/2022	8,062	4,568				(4,568)					
Compensatory Education	23-100-034-5120-067	7/1/2022	6/30/2023	10,885			10,885	(5,153)				5,732		(5,153)
Handicapped Services:														
Examination and Classification	22-100-034-5120-066	7/1/2021	6/30/2022	36,023	5,304				(5,304)					
Examination and Classification	23-100-034-5120-066	7/1/2022	6/30/2023	35,644			35,644	(29,767)				5,877		(29,767)
Corrective Speech	22-100-034-5120-066	7/1/2021	6/30/2022	11,160					(5,022)					
Corrective Speech	23-100-034-5120-066	7/1/2022	6/30/2023	13,020	5,022		13,020	(9,308)				3,712		(9,308)
Supplementary Instruction	22-100-034-5120-066	7/1/2021	6/30/2022	25,276	331				(331)					
Supplementary Instruction	23-100-034-5120-066	7/1/2022	6/30/2023	31,388			31,388	(26,762)				4,626		(26,762)
Home Instruction	23-100-034-5120-066	7/1/2022	6/30/2023	1,348				(1,348)		(1,348)				(1,348)
Security Aid	22-100-034-5120-509	7/1/2021	6/30/2022	60,900	17,142				(17,142)					
Security Aid	23-100-034-5120-509	7/1/2022	6/30/2023	71,545			71,545	(60,105)				11,440		(60,105)
Technology Aid	22-100-034-5120-373	7/1/2021	6/30/2022	14,616	5,087				(5,087)					
Technology Aid	23-100-034-5120-373	7/1/2022	6/30/2023	14,658			14,658	(14,354)				304		(14,354)
Nursing Services	23-100-034-5120-070	7/1/2022	6/30/2023	39,088			39,088	(39,088)						(39,088)
Total Nonpublic Aid					37,616		239,262	(208,537)		(37,616)	(1,348)		32,073	(208,537)
State Department of Education:														
Climate Awareness Education	23E00240	4/1/2023	6/30/2023	6,660			6,495	(6,495)						(6,495)
Total State Department of Education:														
Total Special Revenue Fund					37,616		245,757	(215,032)		(37,616)	(1,348)		32,073	(215,032)
Debt Service Fund:														
Debt Service Aid	23-495-034-5120-075	7/1/2022	6/30/2023	231,763			231,763	(231,763)						(231,763)
Total Debt Service Fund							231,763	(231,763)						(231,763)
Enterprise Fund:														
State School Lunch Program	22-100-010-3350-023	7/1/2021	6/30/2022	16,402	(1,124)		1,124							(16,402)
State School Lunch Program	23-100-010-3350-023	7/1/2022	6/30/2023	6,815			6,581	(6,815)			(234)			(6,815)
Total Enterprise Fund					(1,124)		7,705	(6,815)			(234)			(23,217)
Total All Funds / Total Expenditures of State Financial Assistance					\$ (1,209,322)		\$ 23,733,346	\$ (24,111,033)	\$ (37,616)	\$ (1,604,678)	\$ -	\$ 32,073	\$ (414,815)	\$ (24,361,867)
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	7/1/2022	6/30/2023	12,186,169			12,186,169	(12,186,169)						(12,186,169)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	23-495-034-5095-001	7/1/2022	6/30/2023	3,201,277			3,201,277	(3,201,277)						(3,201,277)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	23-495-034-5094-004	7/1/2022	6/30/2023	5,111			5,111	(5,111)						(5,111)
Total State Financial Assistance Subject to Single Audit Determination					\$ (1,209,322)	\$ -	\$ 8,340,789	\$ (8,718,476)	\$ (37,616)	\$ (1,604,678)	\$ -	\$ 32,073	\$ (414,815)	\$ (8,969,310)

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, 2023

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, 2023. 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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)

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 \$52,020 for the general fund and \$380,922 for the special revenue fund. The net adjustment to See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund, special revenue fund, debt service fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 23,605,403	\$ 23,605,403
Special Revenue Fund	\$ 1,638,315	312,554	1,950,869
Debt Service Fund		231,763	231,763
Food Service Enterprise Fund	204,521	6,815	211,336
Total financial award revenues	<u>\$ 1,842,836</u>	<u>\$24,156,535</u>	<u>\$ 25,999,371</u>

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, 2023

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, 2023. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$15,392,557. 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.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$74,990, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the second quarter of 2021) and therefore have been excluded from the District's basic financial statements.

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, 2023

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	H173A220114/ H027A220100	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, 2023

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

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

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

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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, 2023

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, 2023

**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.