

SCHOOL DISTRICT OF THE CHATHAMS

Board of Education
Chatham Township
County of Morris, New Jersey



“The essential intent of the School District of the Chathams is to discover and grow the gifts within each child.”

School District of the Chathams

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June 30, 2025

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School District of the Chathams

Chatham, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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 5, 2025

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, 2025, 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 Auditors' 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 2024/2025 fiscal year with an average daily enrollment of 3,468 students, which is an increase of 12 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>
2024/2025	3,468	0.4%
2023/2024	3,456	(2.6)%
2022/2023	3,549	(5.7)%
2021/2022	3,764	(3.2)%
2020/2021	3,891	(3.7)%

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.

Chatham Borough and Chatham Township have combined taxable ratables that exceed \$6,000,000,000, which has increased by more than 100% since 2000. Both municipalities conducted a revaluation program in 2004 and Chatham Borough did another revaluation in 2024 which has impacted the increase. 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 five 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, 2025.

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.

8. 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.

9. 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,

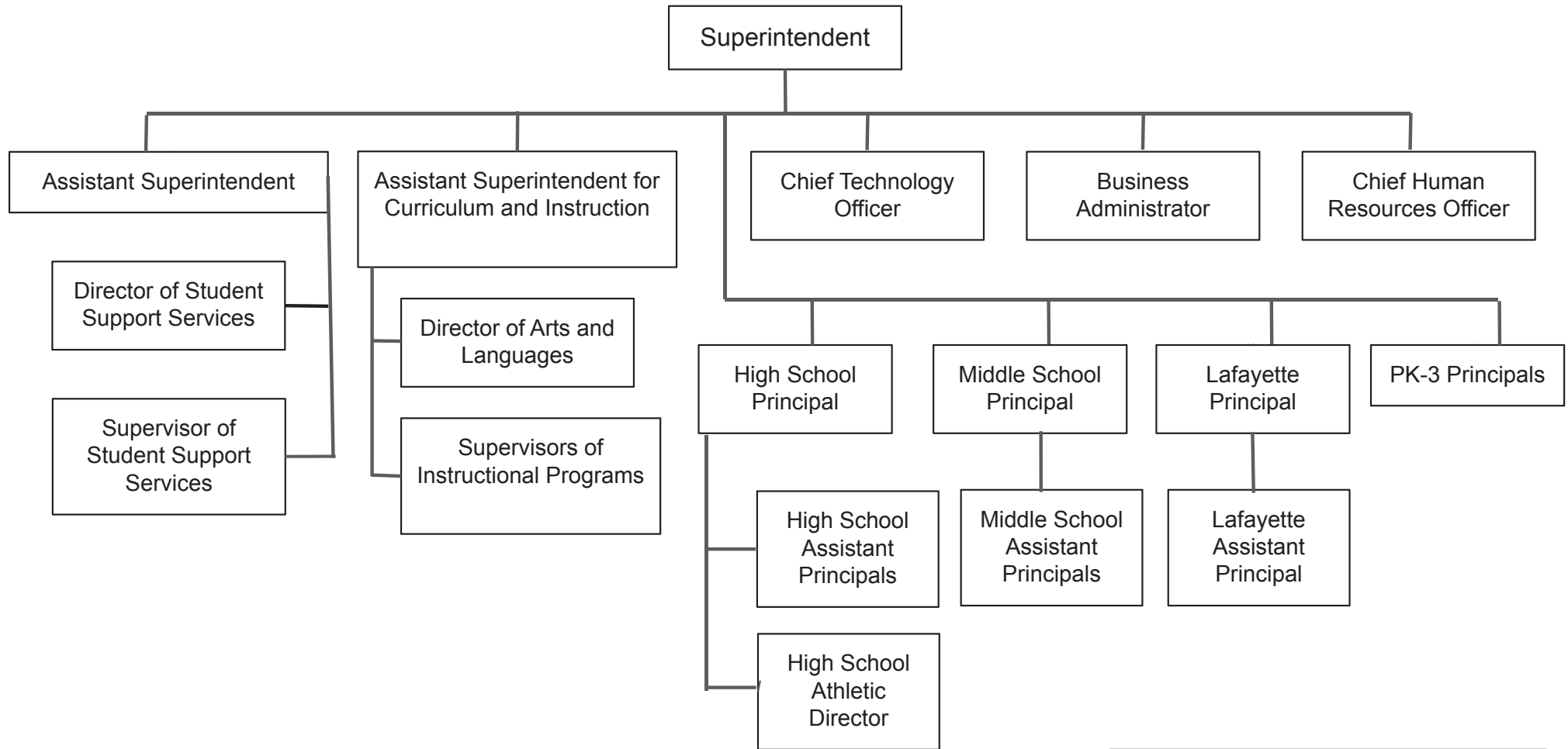


Dr. Emily Sortino
Superintendent



Peter Daquila
School Business Administrator

School District of the Chathams
Organizational Chart
June 30, 2025



*Administrative Organizational Chart,
Updated August 2024*

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

Roster of Officials

June 30, 2025

Members of the Board of Education

Expires

Ann Ciccarelli, President	2027
Susan Ross, Vice President	2025
Sally Allen	2027
Christopher Delsandro	2025
Katherine Peck	2027
Michael Ryan	2026
Bradley Smith	2026
Jill Weber	2026
Yinglu Zhang	2025

Other Officers

Dr. Emily Sortino, Superintendent of Schools (as of July 1, 2025)

Dr. Michael LaSusa, Superintendent of Schools (through June 30, 2025)

Peter Daquila, RSBA, Business Administrator/Board Secretary

Patricia Sewak, Assistant Business Administrator/Assistant Board Secretary

John Csatos, Treasurer of School Monies

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

Consultants, Independent Auditor and Advisors

June 30, 2025

Architects

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Independent Auditor

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

Attorney

Cleary, Giacobbe, 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, NJ 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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Policy

We draw attention to Note 21 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No.101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

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.

**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 Financial Report for the year ended June 30, 2025. 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.

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.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 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 5, 2025

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, 2025

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, 2025. 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 the enterprise fund 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 and required supplementary information part II of this report.

Financial Highlights

Key financial highlights for the 2024-2025 fiscal year include the following:

- Overall net position increased by \$3,512,047 in the 2025 fiscal year.
- The District made a deposit to its capital reserve in the amount of \$3,600,000.
- The final approved extraordinary aid awarded to the District for 2024-2025 exceeded the amount budgeted by the District by \$586,986.

- The District implemented GASB Statement No. 101, “*Compensated Absences*”, during the year ended June 30, 2025. Implementation required retroactive adjustment reducing beginning net position by \$7,711,727. The retroactive adjustment is not reflected in the June 30, 2024 columns in the tables below.
- The District recorded the net pension liability as required by GASB Nos. 68 and 71 and a liability for compensated absences by GASB No. 101. The pension liability recorded at June 30, 2025 and 2024 was \$9,652,999 and \$10,868,694, respectively. The liability recorded for compensated absences at June 30, 2025 and 2024 (as adjusted) was \$9,101,200 and \$8,395,947, respectively. This resulted in the unrestricted net position being decreased during the year resulting in an unrestricted deficit in the government-wide governmental activities financial statements of \$17,253,945 and \$16,039,178 (as adjusted) as of June 30, 2025 and 2024, 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 \$2,134,443 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 \$48,944,412 as of June 30, 2025. The following table provides a summary of net position as of June 30, 2025 and 2024 relating to the District's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 17,678,815	\$ 18,380,338	\$ 89,688	\$ 77,155	\$ 17,768,503	\$ 18,457,493
Capital Assets, net	83,395,226	80,599,813	583,580	531,266	83,978,806	81,131,079
Total Assets	101,074,041	98,980,151	673,268	608,421	101,747,309	99,588,572
Deferred outflows of resources	1,772,999	2,355,453			1,772,999	2,355,453
Current and other liabilities	5,145,067	3,476,025	638,087	529,574	5,783,154	4,005,599
Net pension liability	9,652,999	10,868,694			9,652,999	10,868,694
Long-term liabilities	37,101,383	33,034,515	33,346		37,134,729	33,034,515
Total Liabilities	51,899,449	47,379,234	671,433	529,574	52,570,882	47,908,808
Deferred inflow of resources	2,005,014	891,125			2,005,014	891,125
Net Position:						
Net investment in capital assets	54,567,033	48,963,897	583,580	531,266	55,150,613	49,495,163
Restricted	11,629,489	11,292,160			11,629,489	11,292,160
Unrestricted (deficit)	(17,253,945)	(7,190,812)	(581,745)	(452,419)	(17,835,690)	(7,643,231)
Total Net Position	\$ 48,942,577	\$ 53,065,245	\$ 1,835	\$ 78,847	\$ 48,944,412	\$ 53,144,092

As noted, GASB Statement No. 101 was implemented during the 2025 fiscal year, which required a retroactive adjustment to reduce beginning net position in the amount of \$7,711,727. This amount is not reflected in the June 30, 2024 Net Position, above.

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 \$3,512,047 during the current fiscal year, due to a decrease in net pension liability, which is allocated to the District by the State, and due to an increase in the net investment in capital assets which increased due to the purchase of capital assets.

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

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

Long-term liabilities decreased mainly due to the refunding of bonds and 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, 2025 and 2024, are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,923,833	\$ 1,755,486	\$ 1,915,256	\$ 1,753,288	\$ 3,839,089	\$ 3,508,774
Operating Grants and Contributions	1,385,640	2,035,483		653	1,385,640	2,036,136
Capital Grants and Contributions	1,598,211	297,102			1,598,211	297,102
General Revenue:						
Property Taxes	77,850,690	75,752,614			77,850,690	75,752,614
Federal and State Aid	15,187,963	17,285,837			15,187,963	17,285,837
Earnings on Investments	465,340	302,779			465,340	302,779
Miscellaneous	471,720	885,539			471,720	885,539
Total Revenue	98,883,397	98,314,840	1,915,256	1,753,941	100,798,653	100,068,781
Expenses:						
Instruction	57,373,686	56,197,063			57,373,686	56,197,063
Support Services	14,675,519	13,969,399			14,675,519	13,969,399
Administration and Business	7,886,830	8,063,070			7,886,830	8,063,070
Maintenance and Operations	8,928,487	8,780,085			8,928,487	8,780,085
Transportation	4,974,017	4,677,884			4,974,017	4,677,884
Special Schools	367,711	274,411			367,711	274,411
Charter Schools	107,985	63,139			107,985	63,139
Interest and other costs on long-term debt	1,011,214	1,017,886			1,011,214	1,017,886
Business Type Activities			1,961,157	1,921,840	1,961,157	1,921,840
Total Expenses	95,325,449	93,042,937	1,961,157	1,921,840	97,286,606	94,964,777
Change in Net Position	3,557,948	5,271,903	(45,901)	(167,899)	3,512,047	5,104,004
Net position - beginning, as restated	45,384,629	47,793,342	47,736	215,635	45,432,365	48,008,977
Net position - ending	\$ 48,942,577	\$ 53,065,245	\$ 1,835	\$ 47,736	\$ 48,944,412	\$ 53,112,981

As noted, GASB Statement No. 101 was implemented during the 2025 fiscal year, which required a retroactive adjustment to reduce beginning net position in the amount of \$7,711,727. This amount is not reflected in the June 30, 2024 Net Position, above.

Revenue Sources. The District's total revenue for the 2024-2025 school year was \$100,798,653. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$77,850,690 of the total, or 77.23 percent. 15.07 percent of revenue came from federal and state aid not restricted for specific programs, 2.96 percent from operating and capital grants and contributions, 3.81 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 2023-2024 to 2024-2025 can be attributed to a decrease in actuarial determined pension liability and its 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 \$1,979,104, while the total fund balance was \$13,157,144. The net change in total fund balance for the General Fund was a decrease of \$2,551,564, which can be attributed to budgeted spending on capital outlay projects and the use of prior year excess fund balance.

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 decreased from the prior fiscal year. The decrease is attributable to the expiration of COVID-19 related federal grants that were available in the prior years.

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). Activity in the capital projects fund increased in the current year due to several

roofing and HVAC projects that took place and were partially funded by the New Jersey Schools Development Authority ROD grants.

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, 2025, and the variances in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2024</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 81,105,221	75.02%	\$ 2,144,137	2.72%
State Sources	26,080,005	24.12%	452,105	1.76%
Federal Sources	927,769	0.86%	(943,694)	-50.43%
	<u>\$ 108,112,995</u>	<u>100.00%</u>	<u>\$ 1,652,548</u>	<u>1.55%</u>

The increase in local sources is mainly attributable to increases in the tax levy of \$2,098,076. Revenues from tuition, transportation fees and interest increased collectively by \$281,779. Other miscellaneous revenues decreased by \$235,718.

The increase of \$452,105 or 1.76% of State sources in 2024-2025 is the result of slight increases in various state aid categories. The district received a \$137,434 increase in categorical special education aid, a \$197,393 increase in transportation aid, a \$95,758 increase in extraordinary aid, an increase of \$25,381 to the additional Non-Public Transportation Aid grant received in the prior year, and an increase of \$41,351 in Security aid.

The decrease of \$943,694 or 50.43% of Federal sources in 2024-2025 can be primarily attributed to the decrease in revenues related to, Additional Compensatory Related Services (ASCERS), and ESSER grants that were part of COVID-19 funding and no longer available.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2025 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2024</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 36,942,847	34.11%	\$ 750,534	2.07%
Undistributed	63,844,346	58.96%	2,935,275	4.82%
Special Schools	258,853	0.24%	68,240	35.80%
Capital Outlay	3,231,515	2.98%	1,878,585	138.85%
Contribution to Charter Schools	107,985	0.10%	44,846	71.03%
Debt Service				
Principal	2,841,909	2.62%	104,895	3.83%
Interest and other costs	<u>1,077,128</u>	<u>0.99%</u>	<u>(102,912)</u>	<u>-8.72%</u>
	<u>\$ 108,304,583</u>	<u>100.00%</u>	<u>\$ 5,679,463</u>	<u>5.53%</u>

The increase in instruction expenditures is attributable mostly to an increase in special education instruction of \$747,003.

The increase in undistributed expenditures is attributable mostly to increases in tuition of \$662,447, operation and maintenance of plant services of \$1,365,823, pupil transportation services of \$296,511, and unallocated benefits of \$1,424,345.

The increase in capital outlay of \$1,878,585 is attributable to increased capital spending in 2024-2025 to improve district facilities.

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 2024-2025 year by \$45,901 due to operating expenses exceeding operating revenues in the current year.

General Fund Budgetary Highlights

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

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

Original Budget vs. Modified Budget - Revenues

- There were no modifications to budgeted revenues during the 2024-2025 year.

Original Budget vs. Modified Budget - Expenditures

- The modified budget for special education- instruction increased by \$390,617 or 5% due to the increase in student needs in the related categories. Actual expenses were more than amounts originally budgeted.
- The modified budget for Undistributed expenditures related to instruction decreased by \$1,252,148 or 24% due to District originally budgeting conservatively. Actual expenses were lower than projected amounts, so the district reallocated these funds.
- The modified budget for required maintenance for school facilities increased by \$188,586 or 11% due to increased needs for cleaning, repairs, maintenance service and general supplies.
- The modified budget for pupil transportation increased by \$713,553 or 17% due to a increased special education enrollment and rising transportation costs.
- The modified budget for capital outlay increased by \$3,009,214 mainly due to the roll-over of prior year encumbrances related to capital outlay projects.

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 amount for interest earned on investments was \$420,340 higher than budgeted due to interest rates increasing during the year, leading to greater interest income. Also, the District budgets conservatively for interest income.
- The actual amounts for miscellaneous revenues were \$185,347 higher than budgeted due to conservative budgeting.
- The actual amounts for Extraordinary Aid was \$586,986 higher than budgeted due to a combination of conservative budgeting and a concentration focus by the district on obtaining all potential revenues.
- The actual amounts for Additional Non-Public Transportation Aid was \$162,976. The District does not budget for this revenue.

Budget vs. Actual - Expenditures

- The actual amounts expended for Undistributed expenditures General Administration were \$312,323 lower than budgeted mainly due to the District conservatively budgeting for Legal Fees and District Travel.
- The actual amounts expended for Unallocated Benefits were \$166,872 lower than budgeted mainly due to the District conservatively budgeting for Health Benefits.
- The actual amounts expended for Facilities Acquisition and Construction Services expenditures were \$1,745,755 lower than budgeted due to the District commencing projects later in the school year.

Capital Assets

As of June 30, 2025 and 2024, the District had capital assets, net of accumulated depreciation, of \$83,978,807 and \$81,131,079, 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>2024-25</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2023-24</u>
Land	\$11,616,511	\$ 11,616,511			\$11,616,511	\$ 11,616,511
Construction in Progress	2,590,392	453,242			2,590,392	453,242
Buildings and Building Improvements	64,524,987	63,913,803	\$ 287,790	\$ 307,003	64,812,777	64,220,806
Land Improvements	3,084,149	2,982,301			3,084,149	2,982,301
Right to Use - Equipment	67,407	101,868			67,407	101,868
Machinery and Equipment	1,511,780	1,532,088	295,790	224,263	1,807,570	1,756,351
Total Capital Assets						
Net of Depreciation	<u>\$83,395,226</u>	<u>\$ 80,599,813</u>	<u>\$ 583,580</u>	<u>\$ 531,266</u>	<u>\$83,978,806</u>	<u>\$ 81,131,079</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, 2025 and 2024 are as follows for the governmental activities:

	June 30, 2025	Restated 2024
General Obligation Bonds	\$ 24,840,000	\$ 27,795,000
Premium on Bonds	615,136	1,628,854
Financed Purchases Payable	2,476,341	2,763,250
Leases Payable	68,706	142,080
Compensated Absences	9,101,200	8,385,947
Sub-total	37,101,383	40,715,131
Net Pension Liability	9,652,999	10,868,694
	<u>\$ 46,754,382</u>	<u>\$ 51,583,825</u>

The District's long-term liabilities at June 30, 2025 and 2024 are as follows for the business-type activities:

	June 30, 2025	Restated 2024
Compensated Absences	\$ 33,346	\$ 31,111
	<u>\$ 33,346</u>	<u>\$ 31,111</u>

On December 17, 2024, the District issued refunding bonds in the amount of \$13,865,000. These bonds refunded the District's 2014 bonds. The refunding resulted in a net present value savings of \$427,556 and actual savings of \$617,028. 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 2025-2026 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 2025-2026 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 2026-2027 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, 2025**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,141,934	\$ 7,692	\$ 9,149,626
Accounts receivable	7,998,878	25,081	8,023,959
Internal balances	538,003	(538,003)	-
Inventories		11,338	11,338
Capital assets, non-depreciable	14,206,903		14,206,903
Capital assets, depreciable, net	69,188,323	583,580	69,771,903
Total Assets	<u>101,074,041</u>	<u>89,688</u>	<u>101,163,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>1,772,999</u>		<u>1,772,999</u>
Total Deferred Outflows of Resources	<u>1,772,999</u>		<u>1,772,999</u>
LIABILITIES			
Accounts payable	3,912,252		3,912,252
Unemployment claims payable	200,009		200,009
Payroll withholding payable	176,229		176,229
Accrued interest payable	414,578		414,578
Payable to state government	28,638		28,638
Payable to federal government	2,301		2,301
Unearned revenue	411,060	54,507	465,567
Noncurrent liabilities:			
Net pension liability	9,652,999		9,652,999
Due within one year	4,491,424	3,335	4,494,759
Due beyond one year	32,609,959	30,011	32,639,970
Total Liabilities	<u>51,899,449</u>	<u>87,853</u>	<u>51,987,302</u>
DEFERRED INFLOW OF RESOURCES			
Deferred gain on refunding of debt	828,009		828,009
Pension deferrals	<u>1,177,005</u>		<u>1,177,005</u>
	<u>2,005,014</u>		<u>2,005,014</u>
NET POSITION			
Net investment in capital assets	54,567,033	583,580	55,150,613
Restricted for:			
Excess surplus	1,652,924		1,652,924
Capital reserve	8,720,517		8,720,517
Emergency reserve	10		10
Unemployment compensation	336,203		336,203
Student Activities	574,923		574,923
Scholarships	38,034		38,034
Capital projects	306,878		306,878
Unrestricted (deficit)	<u>(17,253,945)</u>	<u>(581,745)</u>	<u>(17,835,690)</u>
Total Net Position	<u>\$ 48,942,577</u>	<u>\$ 1,835</u>	<u>\$ 48,944,412</u>

See accompanying notes to the basic financial statements.

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Statement of Activities
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 37,002,505	\$ 1,109,447	\$ 418,111	\$ 1,598,211	\$ (33,876,736)		\$ (33,876,736)
Special education	16,280,783		878,495		(15,402,288)		(15,402,288)
Other instruction	4,090,398				(4,090,398)		(4,090,398)
Support services:							
Student and instruction related services	14,675,519	596,744	89,034		(13,989,741)		(13,989,741)
School administration services	4,032,884				(4,032,884)		(4,032,884)
General and business administration services	3,853,946				(3,853,946)		(3,853,946)
Operation and maintenance of plant services	8,928,487				(8,928,487)		(8,928,487)
Pupil transportation	4,974,017	217,642			(4,756,375)		(4,756,375)
Special schools	367,711				(367,711)		(367,711)
Charter Schools	107,985				(107,985)		(107,985)
Interest and other costs on long-term debt	1,011,214				(1,011,214)		(1,011,214)
Total governmental activities	<u>95,325,449</u>	<u>1,923,833</u>	<u>1,385,640</u>	<u>1,598,211</u>	<u>(90,417,765)</u>		<u>(90,417,765)</u>
Business-type activities:							
Food Service	1,961,157	1,915,256				\$ (45,901)	(45,901)
Total business-type activities	<u>1,961,157</u>	<u>1,915,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,901)</u>	<u>(45,901)</u>
Total primary government	<u>\$ 97,286,606</u>	<u>\$ 3,839,089</u>	<u>\$ 1,385,640</u>	<u>\$ 1,598,211</u>	<u>(90,417,765)</u>	<u>(45,901)</u>	<u>(90,463,666)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					74,513,945		74,513,945
Property taxes, levied for debt service					3,336,745		3,336,745
State aid not restricted					15,187,963		15,187,963
Investment Earnings					465,340		465,340
Miscellaneous Income					<u>471,720</u>		<u>471,720</u>
Total general revenues					<u>93,975,713</u>	<u>-</u>	<u>93,975,713</u>
Change in Net Position					3,557,948	(45,901)	3,512,047
Net Position—beginning , as reported					53,065,245	78,847	53,144,092
Cumulative Effect of Change in Accounting Principle					<u>(7,680,616)</u>	<u>(31,111)</u>	<u>(7,711,727)</u>
Net Position—beginning, as restated					<u>45,384,629</u>	<u>47,736</u>	<u>45,432,365</u>
Net Position—ending					<u>\$ 48,942,577</u>	<u>\$ 1,835</u>	<u>\$ 48,944,412</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, 2025

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,121,903	\$ 742,161	\$ 1,183,584	\$ 94,286	\$ 9,141,934
Intergovernmental Accounts Receivable					
State	2,182,964	2,001	1,383,654		3,568,619
Federal		33,704			33,704
Local	4,314,044				4,314,044
Interfund	537,128	875			538,003
Other accounts receivable	20,026	62,485			82,511
Total Assets	<u>\$ 14,176,065</u>	<u>\$ 841,226</u>	<u>\$ 2,567,238</u>	<u>\$ 94,286</u>	<u>\$ 17,678,815</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 428,652	\$ 301	\$ 2,260,360		\$ 2,689,313
Unemployment claims payable	200,009				200,009
Payable to federal government		2,301			2,301
Payable to state government		28,638			28,638
Payroll withholding payable	176,229				176,229
Unearned revenue	214,031	197,029			411,060
Total Liabilities	<u>1,018,921</u>	<u>228,269</u>	<u>2,260,360</u>		<u>3,507,550</u>
Fund Balances:					
Restricted for:					
Excess surplus - current year	290,488				290,488
Excess surplus - prior year	1,362,436				1,362,436
Capital Projects			306,878		306,878
Debt Service				\$ 94,286	94,286
Capital reserve	8,720,517				8,720,517
Emergency reserve	10				10
Unemployment compensation reserve	336,203				336,203
Student Activities		574,923			574,923
Scholarships		38,034			38,034
Assigned to:					
Other Purposes	468,386				468,386
Unassigned	1,979,104				1,979,104
Total Fund Balances	<u>13,157,144</u>	<u>612,957</u>	<u>306,878</u>	<u>94,286</u>	<u>14,171,265</u>
Total Liabilities and Fund Balances	<u>\$ 14,176,065</u>	<u>\$ 841,226</u>	<u>\$ 2,567,238</u>	<u>\$ 94,286</u>	<u>17,678,815</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$145,044,147 and the accumulated depreciation is \$61,648,921. See Note 6.

83,395,226

Long-term liabilities, including bonds payable, financed purchases, leases payable 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.

(37,101,383)

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.

(414,578)

Gains 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.

(828,009)

Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.

595,994

Accrued pension contributions for the June 30, 2025 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.

(1,222,939)

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.

(9,652,999)

Net position of governmental activities

\$ 48,942,577

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, 2025

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local sources:					
Local tax levy	\$ 74,513,945			\$ 3,336,745	\$ 77,850,690
Tuition charges	1,109,447				1,109,447
Transportation fees	217,642				217,642
Interest earned on investments	465,340				465,340
Miscellaneous	465,347	\$ 990,382		6,373	1,462,102
Total - Local Sources	76,771,721	990,382		3,343,118	81,105,221
State sources	25,575,585	278,790	\$ 1,383,654	225,630	27,463,659
Federal sources		927,769			927,769
Total Revenues	102,347,306	2,196,941	1,383,654	3,568,748	109,496,649
EXPENDITURES					
Current:					
Regular instruction	24,978,890	418,111			25,397,001
Special education instruction	7,755,916	878,495			8,634,411
Other instruction	2,911,435				2,911,435
Support services and undistributed costs:					
Tuition	3,921,875				3,921,875
Attendance/social work	145,520				145,520
Health services	781,257				781,257
Other support services	6,851,132	730,035			7,581,167
Improvement of instruction	907,487				907,487
School library	669,894				669,894
Instructional staff training	323,414				323,414
General administration services	865,653				865,653
School administration services	2,717,190				2,717,190
Central services	957,169				957,169
Administrative information technology	932,375				932,375
Required maintenance of school facilities	1,559,244				1,559,244
Custodial services	4,823,111				4,823,111
Care and upkeep of grounds	153,944				153,944
Security	557,157				557,157
Pupil transportation services	4,953,188				4,953,188
Unallocated benefits	13,593,701				13,593,701
On-behalf TPAF social security, medical, disability and pension contributions	18,401,000				18,401,000
Debt service:					
Principal	286,909			2,555,000	2,841,909
Interest	64,553			919,462	984,015
Cost of refunding debt issuance				133,906	133,906
Capital outlay	3,016,958	214,557	3,479,836		6,711,351
Special schools	258,853				258,853
Contribution to charter school	107,985				107,985
Total Expenditures	102,495,810	2,241,198	3,479,836	3,608,368	111,825,212
(Deficiency) excess of revenues (under) over expenditures	(148,504)	(44,257)	(2,096,182)	(39,620)	(2,328,563)
OTHER FINANCING SOURCES AND (USES)					
Refunding debt issuance				13,865,000	13,865,000
Premium on refunding debt issuance				608,282	608,282
Transfer from prior bonds				160,000	160,000
Payment to refunded bond escrow agent				(14,499,376)	(14,499,376)
Transfers in			2,403,060		2,403,060
Transfers (out)	(2,403,060)				(2,403,060)
Total Other Financing Sources and (Uses)	(2,403,060)		2,403,060	133,906	133,906
Net change in fund balances	(2,551,564)	(44,257)	306,878	94,286	(2,194,657)
Fund Balance—July 1	15,708,708	657,214	-	-	16,365,922
Fund Balance—June 30	\$ 13,157,144	\$ 612,957	\$ 306,878	\$ 94,286	\$ 14,171,265

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).

See accompanying notes to the basic financial statements.

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, 2025

Total net change in fund balances - governmental funds (from B-2) **\$ (2,194,657)**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital asset (capital outlay)
additions exceeded depreciation/amortization expense in the period.

Depreciation/amortization expense	\$ (3,981,850)	
Capital assets additions	<u>6,777,263</u>	
		2,795,413

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.	2,555,000
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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.	360,283
--	---------

Governmental funds report the effect of premiums and similar items when the debt is first
issued, whereas the amounts are deferred and amortized in the statement of activities.

This represents the following related to the premiums on bonds.

Premium on bonds	(608,282)
Amortization of premium	1,622,000

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.	(715,253)
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Issuance of Long-term debt (refunding bonds) provide current financial resources to governmental funds,
which the repayment of the principal of the long term debt consumes the current financial resources of
governmental funds. Neither transactions, however, has any effect on net position.

Issuance of refunding bonds	(13,865,000)
Bonds refunded	14,265,000

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.	80,360
--	--------

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 and gain on refunding.

Amortization of deferred loss	(693,268)
Amortization of deferred gain	89,701
Deferred gain on refunding	(917,710)

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

Pension expense	<u>784,361</u>
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Change in net position of governmental activities (A-2)	<u>\$ 3,557,948</u>
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PROPRIETARY FUND

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS**
Proprietary Fund
Statement of Net Position
June 30, 2025

	Major Enterprise Fund Food Service
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,692
Accounts receivable:	
Other- Students	25,081
Inventories	11,338
Total Current Assets	<u>44,111</u>
Noncurrent Assets:	
Capital assets:	
Depreciable:	
Furniture, machinery and equipment	1,192,423
Less accumulated depreciation	<u>(608,843)</u>
Total Capital Assets, net	<u>583,580</u>
Total Assets	<u>627,691</u>
LIABILITIES	
Current Liabilities:	
Interfund payable	538,003
Unearned revenue	54,507
Compensated absences	3,335
Total Current Liabilities	<u>595,845</u>
Noncurrent Liabilities:	
Compensated absences	<u>30,011</u>
Total Noncurrent Liabilities	<u>30,011</u>
Total Liabilities	<u>625,856</u>
NET POSITION	
Investment in capital assets	583,580
Unrestricted (deficit)	<u>(581,745)</u>
Total Net Position	<u>\$ 1,835</u>

See accompanying notes to the basic financial statements.

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

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2025

	Major Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 1,915,256
Total Operating Revenues	<u>1,915,256</u>
 Operating Expenses:	
Cost of sales - nonreimbursable programs	923,028
Salaries	614,534
Employee benefits	117,749
Other purchased services	85,125
Management fee	80,185
Supplies and materials	89,857
Depreciation	<u>50,679</u>
Total Operating Expenses	<u>1,961,157</u>
 Operating (loss) and Change in Net Position	 (45,901)
 Net Position—beginning , as reported	 78,847
Cumulative Effect of Change in Accounting Principle	 <u>(31,111)</u>
Net Position—beginning, as restated	<u>47,736</u>
Net Position—ending	<u>\$ 1,835</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, 2025

**Major Enterprise Fund
Food Service**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,903,552
Payments to employees	(612,299)
Payments for employee benefits	(117,749)
Payments to suppliers	(1,111,029)
Net cash provided by operating activities	<u>62,475</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITY**

Purchase of capital assets	<u>(102,993)</u>
Net cash (used for) capital and related financing activity	<u>(102,993)</u>

Net (decrease) in cash and cash equivalents	(40,518)
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Cash and cash equivalents, beginning of year	<u>48,210</u>
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Cash and cash equivalents, end of year	<u><u>\$ 7,692</u></u>
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**Reconciliation of operating (loss) to net cash
provided by operating activities:**

Operating (loss)	\$ (45,901)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	50,679
Changes in assets and liabilities:	
Increase in inventories	(1,278)
Increase in other accounts receivable- students	(6,196)
Decrease in unearned revenue	(5,508)
Increase in interfund payable	100,000
Increase in compensated absences payable	2,235
Decrease in accounts payable	(31,556)
Total adjustments	<u>108,376</u>
Net cash provided by operating activities	<u><u>\$ 62,475</u></u>

See accompanying notes to the basic financial statements.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

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, 2025

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, 2025

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 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.

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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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."

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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.

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. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, which are generally based on quoted market prices. 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress. Under the amended law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for well capitalized institutions to a maximum of 120% collateral for critically undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

G. 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, 2025, the District had inventories in the Food Service Enterprise Fund in the amount of \$11,338.

H. 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

I. 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 one item that qualifies for reporting in this category, including 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 two items that qualify for reporting in this category, deferred amounts related to pensions and gain on issuance of refunding bonds.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

J. Compensated Absences

The liability for compensated absences represents the vacation and sick time (“leave”/“leave days”) and salary related payments which have been earned for services previously rendered by employees in accordance with the District’s various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee’s rate of pay and the number of unused leave days accumulated as of year-end, management’s assumption that likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences.

K. Deferred Gain/Loss on Refunding of Debt

Deferred gain on refunding arising from the issuance of refunding bonds is recorded as a deferred inflow 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 related to the 2014 bonds refunded during the year ended June 30, 2025 amounted to \$693,268. Amortization of the gain on the refunding bonds issued during the year ended June 30, 2025 amounted to \$89,701. As of June 30, 2025, the District has an unamortized balance of \$828,009 recorded as a deferred inflow of resources.

L. 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 2025-26 tuition for the District’s Inclusion Preschool and full-day kindergarten. Unearned revenue in the enterprise fund consists of student deposits for future food purchases.

M. 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

N. 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. 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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 \$13,157,144 of fund balances in the General Fund, \$290,488 has been restricted for current year excess surplus, \$468,386 of encumbrances is assigned to other purposes, \$1,362,436 is restricted for prior year excess surplus, \$8,720,517 has been restricted for the capital reserve, \$10 has been restricted for emergency reserve, \$336,203 is restricted for unemployment claims and \$1,979,104 is classified as unassigned. Of the \$612,957 fund balance in the Special Revenue Fund, \$574,923 and \$38,034 are restricted for Student Activities and Scholarships, respectively. The \$306,878 fund balance in the Capital Projects Fund is restricted for capital projects. The \$94,286 fund balance in the Debt Service Fund is restricted for debt service obligations.

O. 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.

P. 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 assets, deferred outflows/inflows of resources, liabilities, revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Q. 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 \$12,747,695 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

R. 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, 2025 was \$1,628,844, including \$290,488 generated in the 2025 fiscal year, which will be utilized in its 2026-2027 budget.

S. 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.

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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

T. GASB Pronouncements

Recently Issued

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. Management has implemented this statement during the current fiscal year. See Note 21 for more information.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has reviewed the Statement and determined it did not have an impact on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2025 and December 5, 2025, 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

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 \$37,101,383 difference are as follows:

Bonds payable	\$ 24,840,000
Premium on bonds	615,136
Financed purchases payable	2,476,341
Leases payable	68,706
Compensated absences payable	<u>9,101,200</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 37,101,383</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. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

3. Deposits and Investments (continued)

Deposits

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

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

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

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

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

Operating cash accounts are held in the District's name at Citizens Bank. At June 30, 2025, the carrying amount of the District's deposits was \$9,149,626 and the bank balance was \$6,821,883.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2025 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$2,035,922. \$4,191,319 held in a NJ ARM joint investment trust account and \$344,641 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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

3. Deposits and Investments (continued)

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 – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The government does not have a deposit policy for custodial credit risk. Based on NJGUDPA, as of June 30, 2025, \$4,191,319 of the District's bank balance of \$6,821,883 was exposed to custodial credit risk.

Credit Risk - GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*", requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the District does not have an investment policy regarding credit risk except to the extent outlined under the District's investment policy.

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.

New Jersey Asset and Rebate Management Fund – In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") as its sole investment. The District invests funds in the New Jersey Asset and Rebate Management Fund, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Securities and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

4. Capital Reserve Account

and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. Authorized investments under the NJARM program include obligations of the U.S. Government or its Agencies and Instrumentalities, government money market mutual funds, and municipal securities. Investments under NJARM are not insured or guaranteed by the FDIC or any other governmental agency. At June 30, 2025, the District had \$4,191,319 on deposit with NJARM.

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 8,506,466
Deposits:	
Approved by Board Resolution at the June 2025 Board of Education Meeting	3,600,000
Interest earned on investments	314,051
Withdrawal:	
Budgeted Withdrawal	(3,700,000)
Ending balance, June 30, 2025	<u>\$ 8,720,517</u>

\$3,500,000 of this amount was appropriated in the 2025-26 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, 2025 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, 2025

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. During the 2024-2025 fiscal year, the District withdrew \$165,000 from emergency reserve for building repairs and intercom replacement at Chatham Middle School.

The activity of the emergency reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 165,010
Withdrawals approved	
Board of Education	(165,000)
Ending balance, June 30, 2025	<u>\$ 10</u>

6. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2025:

	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	453,242	\$ 2,590,392	\$ (453,242)	2,590,392
Total capital assets, not being depreciated/amortized	12,069,753	2,590,392	(453,242)	14,206,903
Capital assets, being depreciated/amortized:				
Buildings and building improvements	108,393,041	3,333,383	453,242	112,179,666
Land improvements	9,819,904	449,737		10,269,641
Machinery, equipment and vehicles	7,518,048	403,751		7,921,799
Right to use assets - equipment	466,138			466,138
Total capital assets being depreciated/amortized	126,197,131	4,186,871	453,242	130,837,244
Less accumulated depreciation/amortization for:				
Buildings and building improvements	(44,479,238)	(3,175,441)		(47,654,679)
Land improvements	(6,837,603)	(347,889)		(7,185,492)
Machinery, equipment and vehicles	(5,985,960)	(424,059)		(6,410,019)
Right to use assets - equipment	(364,270)	(34,461)		(398,731)
Total accumulated depreciation/amortization	(57,667,071)	(3,981,850)	-	(61,648,921)
Total capital assets, being depreciated/amortized, net	68,530,060	205,021	453,242	69,188,323
Governmental activities capital assets, net	\$ 80,599,813	\$ 2,795,413	\$ -	\$ 83,395,226

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

6. Capital Assets (continued)

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

Instruction:		
Regular	\$	1,687,774
Special education		573,805
Other		193,481
Support services:		
Student and instruction related services		691,719
School administration services		180,573
General and business administration services		183,098
Operation and maintenance of plant services		471,400
Total depreciation expense – governmental activities	\$	<u>3,981,850</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2025:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Buildings and building improvements	\$ 409,472		\$ 409,472
Machinery, equipment and vehicles	679,958	\$ 102,993	782,951
Total capital assets being depreciated	1,089,430	102,993	1,192,423
Less accumulated depreciation for:			
Buildings and building improvements			
Machinery, equipment and vehicles	(102,469)	(19,213)	(121,682)
	(455,695)	(31,466)	(487,161)
Total accumulated depreciation	(558,164)	(50,679)	(608,843)
Business-type activities capital assets, net	\$ 531,266	\$ 52,314	\$ 583,580

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

7. Long-Term Liabilities

During the year ended June 30, 2025, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Cumulative Effect of Change in in Accounting Principle*	Beginning Balance as Restated	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:							
Bonds payable	\$ 27,795,000		\$ 27,795,000	\$ 13,865,000	\$(16,820,000)	\$ 24,840,000	\$ 2,635,000
Premiums on bonds	1,628,854		1,628,854	608,282	(1,622,000)	615,136	119,848
Compensated absences payable	705,331	\$ 7,680,616	8,385,947 **	715,253		9,101,200	1,379,046
Leases and financed purchases	2,905,330		2,905,330		(360,283)	2,545,047	357,530
Subtotal	33,034,515	7,680,616	40,715,131	15,188,535	(18,802,283)	37,101,383	4,491,424
Net pension liability	10,868,694		10,868,694		(1,215,695)	9,652,999	
Total governmental activities long-term liabilities	\$ 43,903,209	\$ 7,680,616	\$ 51,583,825	\$ 15,188,535	\$(20,017,978)	\$ 46,754,382	\$ 4,491,424

The compensated absences payable, net pension liability and 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.

During the year ended June 30, 2025, the following changes occurred in business-type activity long-term liabilities:

	Beginning Balance	Cumulative Effect of Change in in Principle*	Beginning Balance as Restated	Additions	Ending Balance	Due within One Year
Business-type activities:						
Compensated absences payable	\$ -	\$ 31,111	\$ 31,111 **	\$ 2,235	\$ 33,346	\$ 3,335
Total Business-type activities long-term liabilities	\$ -	\$ 31,111	\$ 31,111	\$ 2,235	\$ 33,346	\$ 3,335

* See Note 21

** The change in compensated absences payable is presented as a net change.

Bonds Payable

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

7. Long-Term Liabilities (continued)

Bonds payable at June 30, 2025 are comprised of the following issues:

\$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 3.00% to 3.25%.

In December, 2024, the District issued \$13,865,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. The refunding resulted in a net present value savings of \$427,556 and actual savings of \$617,028. As of June 30, 2025, no defeased debt remained outstanding.

\$13,865,000, Series 2024 refunding bonds, due in annual installments ranging from \$1,885,000 to \$2,610,000 through July 2030 at interest rates ranging from 3.00% to 4.00%. There is no defeased debt still outstanding at June 30, 2025.

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

	Principal	Interest	Total
Fiscal year ending June 30,			
2026	\$ 2,635,000	\$ 822,275	\$ 3,457,275
2027	2,800,000	738,575	3,538,575
2028	2,890,000	641,800	3,531,800
2029	2,995,000	530,150	3,525,150
2030	3,105,000	414,200	3,519,200
2031-2035	8,015,000	971,700	8,986,700
2036-2037	2,400,000	117,000	2,517,000
	<u>\$ 24,840,000</u>	<u>\$ 4,235,700</u>	<u>\$ 29,075,700</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.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

7. Long-Term Liabilities (continued)

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, 2025:

Fiscal year ending June 30,	<u>Amount</u>
2026	\$ 359,934
2027	368,600
2028	377,463
2029	386,528
2030	395,800
2031-2032	<u>820,266</u>
Total minimum payment	2,708,591
Less: amount representing interest	<u>(232,251)</u>
Present value of net future minimum payments	<u>\$ 2,476,340</u>

Capital assets paid for with proceeds from the financed purchases totaled \$5,011,352, with accumulated depreciation of \$2,129,825 of June 30, 2025.

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, 2025 were \$73,373. Future lease payments are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 55,177	\$ 1,623	\$ 56,800
2027	13,530	138	13,668
	<u>\$ 68,707</u>	<u>\$ 1,761</u>	<u>\$ 70,468</u>

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

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. District employees employed by the Enterprise Funds are not eligible for pension benefits. Employees in the Food Service Enterprise Fund are employees of the Food Service Management Company and therefore not eligible for pension benefits.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public-school employees in the State. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members accounts.

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tier 1 and 2 members with 25 years or more of service credit before reaching age 60, Tier 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy is set by the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State of New Jersey or any

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

county, municipality, school Board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund. Pursuant to the provisions of P.L. 2022, C.78, the member contribution rate was 7.5% in State fiscal year 2024.

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tier 1 and 2 members with 25 years or more of service credit before reaching age 60, Tier 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective 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. Employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2025, the State of New Jersey contributed \$15,797,106 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 \$2,603,894 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2025, 2024, and 2023 were \$966,671, \$1,002,896, and \$904,527, 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, 2025, the District reported a liability of \$9,652,999 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.0710403805 percent, which was a decrease of 0.0039969966 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized full accrual pension expense of \$966,671 in the government-wide financial statements. At June 30, 2025, 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	\$ 193,367	\$ 25,699
Changes of assumptions	11,992	109,829
Net difference between projected and actual earnings on pension plan investments		447,583
Changes in proportion and differences between District contributions and proportionate share of contributions	344,701	593,894
District contributions subsequent to the measurement date	1,222,939	
	<u>\$ 1,772,999</u>	<u>\$ 1,177,005</u>

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

\$1,222,939 is reported as deferred outflows of resources related to pensions resulting from 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:	
2026	\$ (428,729)
2027	202,698
2028	(168,454)
2029	(215,069)
2030	(17,391)
	<u>\$ (626,945)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.65%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2024, 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:

	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	\$ 12,826,462	\$ 9,652,999	\$ 6,952,399

Pension Plan Fiduciary Net Position

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	1,611,322,898
Net pension liability	13,702,423,985
State's proportionate share associated with the District	0.0710403805%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 is \$372,160,096.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020, and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.4 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. 2001 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, 2024, 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 special funding situation pension expense of \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

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, 2024 was \$144,501,990. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2923655601 percent, which was a decrease of 0.0016470602 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized on-behalf pension benefit and revenue in the government-wide financial statements of \$527,121 for contributions incurred by the State.

Actuarial assumptions

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

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions 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 all 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, 2024 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 171,761,072	\$ 144,501,990	\$ 121,544,690
<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, 2024 are as follows:

Deferred outflows of resources	\$ 1,176,934,477
Deferred inflows of resources	10,530,833,639
Net pension liability	49,425,106,602
State's proportionate share associated with the District	0.2923655601%

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

9. Pension Plans (continued)

Additional Information

Collective pension benefit-Local Group for the plan for the measurement period ended June 30, 2024 is \$1,176,934,477. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020, and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21, years, respectively.

10. Post-Retirement Benefits

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

The State Health Benefits Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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 required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits was \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financialreports.shtml>.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

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, 2024</u>
Active plan members	219,185
Inactive plan members or beneficiaries currently receiving benefits	153,556
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	-
Total plan members	<u>372,741</u>

Actuarial assumptions and other inputs

The total non-employer OPEB liability of \$59,650,630,530 as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 and included in the June 30, 2024 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

10. Post-Retirement Benefits (continued)

	<u>TPAF</u>	<u>PERS</u>
Inflation rate	2.75%	2.75%
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%
	based on years of service	based on years of service

Mortality Rates

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

10. Post-Retirement Benefits (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the actual experience studies for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2024 was 3.93%. 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 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend was 3.45% in fiscal year 2025, increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is initially 2.95% in fiscal year 2025, increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2024:

	Total OPEB Liability
Beginning Total OPEB Liability, June 30, 2023	\$ 115,976,871
Changes for the year:	
Service cost	5,329,656
Interest	4,412,557
Differences between expected and actual experiences	1,555,285
Changes in assumptions or other inputs	10,028,605
Members contributions	115,390
Benefit payments	(3,369,941)
Net Changes	18,071,552
Ending Total OPEB Liability, June 30, 2024	\$ 134,048,423

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

10. Post-Retirement Benefits (continued)

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, 2024 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	At 1% Decrease (2.93%)	At Current Discount Rate (3.93%)	At 1% Increase (4.93%)
Net OPEB Liability (allocable to the District and the responsibility of the State)	\$ 156,999,412	\$ 134,048,423	\$ 115,591,064

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 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)	\$ 111,663,312	\$ 134,048,423	\$ 163,206,507

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

For the year ended June 30, 2025, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,705,304 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 18,640,445,786
Deferred inflows of resources	25,058,850,175
Collective OPEB expense	1,999,742,665
District's proportion	0.22%

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

10. Post-Retirement Benefits (continued)

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, 2025 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 537,128	
Special Revenue Fund	875	
Food Service Enterprise Fund		\$ 538,003
	<u>\$ 538,003</u>	<u>\$ 538,003</u>

The interfund between the food service enterprise fund, special revenue fund, and the general fund represents funds that were loaned by the general fund and the special revenue fund to the food service enterprise fund to meet current obligations. All interfund balances are expected to be repaid within one year.

12. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2025 fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 2,403,060
Capital Projects Fund	\$ 2,403,060	
	<u>\$ 2,403,060</u>	<u>\$ 2,403,060</u>

The district transferred funds from the General Fund to the Capital Projects Fund to provide the local share of capital projects to be spent from the Capital Projects Fund.

13. Economic Dependency

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

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

14. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. As a result of the impact of COVID-19, the District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund and American Rescue Plan Elementary and Secondary School Emergency Relief Funds (ARP ESSER). To the extent that the District has not complied with the rules and regulations governing the ESSER, 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 grant 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.

15. Risk Management

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

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, health, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The activity related to unemployment compensation is accounted for in the general fund.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

16. Deferred Compensation Plans

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

The plan administrators are as follows:

The Vanguard Group
AXA Equitable
Corebridge Financial
Orion Portfolio Solutions

Security Benefit
MetLife/Brighthouse Financial.
Teachers' Pension Exchange

17. Commitments

The District had contractual commitments on June 30, 2025 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$468,386.

18. Tax Abatements

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

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

The Township of Chatham has not entered into any long-term tax exemptions as of June 30, 2025, however the Borough of Chatham has entered into a tax abatement agreement, which has reduced the Borough's tax revenues. The Borough entered into this agreement dated December 11, 2023, with Chatham River Road Urban Renewal LLC (CRRUR), which is a full abatement of taxes for a

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

18. Tax Abatements (continued)

residential apartment complex together with parking and other appurtenant facilities. In consideration of the full abatement of taxes, the entity is required to make payments in lieu of taxes to the Borough in the aggregate initial 2024 annual amount of \$910,773, which shall be increased by 3% each year thereafter. In addition, the entity is also required to pay to the Borough an annual service charge of 2%. The annual amount represents 10% of CRRUR's projected gross revenue in rental income. If the actual gross revenue in rental income is less than the projected amount, the payments in lieu of taxes to the Borough will be adjusted accordingly. The tax abatement provided under the agreement shall remain in full force and effect for a period of thirty years, commencing on February 1, 2024 and concluding on January 31, 2054. The Borough recognized revenue in the amount of \$528,459 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$1,472,408 of which \$313,762 would have been for the local municipal tax and minimum library tax. A portion of this would have been allocated to the District.

19. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, 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. The net investment in capital assets of \$55,606,506 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 83,395,226
Bonds payable (used to build or acquire capital assets)	(24,840,000)
Premium on bonds	(615,136)
Financed purchases and leases payable	(2,545,048)
Deferred gain on refunding of debt	(828,009)
Total net investment in capital assets	<u>\$ 54,567,033</u>

20. Deficit Net Position

The District has an unrestricted deficit net position of \$581,745 in the Food Service Enterprise fund at June 30, 2025 as reported in the fund financial statements (accrual basis). The deficit amount listed above represents a deficit that was incurred as a direct result of the operations.

School District of the Chathams
Notes to the Basic Financial Statements
Year ended June 30, 2025

21. Change in Accounting Principle and Restatement of Net Position

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid.

The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. As a result, the compensated absences liability was restated as of June 30, 2024, and the cumulative effect of the change of \$7,680,616 for governmental activities and \$31,111 for business-type activities was recognized in the 2024 change in net position.

	Governmental Activities	Business-type Activities
Balance as reported, July 1, 2024	\$ 705,331	
Cumulative effect of change in accounting principle	7,680,616	\$ 31,111
Balance as restated, July 1, 2024	8,385,947	31,111
Increases	715,253	2,235
Balance, June 30, 2025	9,101,200	33,346
Due within one year	\$ 1,379,046	\$ 3,335

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability (asset) - Local Group	0.0698980772%	0.0731285958%	0.0738272905%	0.0731279700%	0.0720162522%	0.0734921451%	0.0724778619%	0.0717281962%	0.0750373771%	0.0710403805%
District's proportionate share of the net pension liability (asset)	\$ 15,690,718	\$ 21,658,593	\$ 17,185,813	\$ 14,398,532	\$ 12,976,236	\$ 11,984,647	\$ 8,586,089	\$ 10,824,772	\$ 10,868,694	\$ 9,652,999
District's covered payroll	\$ 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	\$ 5,610,466
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	322.94%	438.55%	342.39%	282.52%	256.86%	233.00%	164.00%	204.52%	196.36%	172.05%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 622,819	\$ 649,664	\$ 683,931	\$ 727,387	\$ 700,510	\$ 803,968	\$ 848,800	\$ 904,527	\$ 1,002,896	\$ 966,671
Contributions in relation to the contractually required contribution	(622,819)	(649,664)	(683,931)	(727,387)	(700,510)	(803,968)	(848,800)	(904,527)	(1,002,896)	(966,671)
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	\$ 4,938,645	\$ 5,019,368	\$ 5,096,528	\$ 5,051,812	\$ 5,143,545	\$ 5,235,438	\$ 5,292,806	\$ 5,535,129	\$ 5,610,466	\$ 6,173,476
Contributions as a percentage of covered payroll	12.61%	12.94%	13.42%	14.40%	13.62%	15.36%	16.04%	16.34%	17.88%	15.66%

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2698905323%	0.2799799553%	0.2800400222%	0.2801849358%	0.2870124666%	0.2871559156%	0.2923866975%	0.2965598236%	0.2940126203%	0.2923655601%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 170,582,342	\$ 220,250,059	\$ 188,813,081	\$ 178,254,000	\$ 176,142,260	\$ 189,088,715	\$ 140,565,456	\$ 153,008,308	\$ 150,042,489	\$ 144,501,990
Total proportionate share of the net pension liability (asset) associated with the District	<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>	<u>\$ 150,042,489</u>	<u>\$ 144,501,990</u>
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	47.68%	53.08%	37.99%

* 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*

	2025	2024	2023	2022	Year Ended June 30, 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%	0.22%	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	\$ 134,048,423	\$ 115,976,871	\$ 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>\$ 134,048,423</u>	<u>\$ 115,976,871</u>	<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%	0.00%	0.00%
Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017**
Service cost	\$ 5,329,656	\$ 5,406,514	\$ 7,005,937	\$ 8,091,340	\$ 4,462,316	\$ 4,116,979	\$ 4,638,708	\$ 5,603,912	
Interest cost	4,412,557	4,084,564	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	1,555,285	(3,867,404)	255,828	(25,703,694)	26,722,171	(13,434,430)	(9,468,097)		
Changes of assumptions	10,028,605	233,762	(30,366,580)	134,352	27,941,002	1,387,399	(11,450,831)	(15,742,708)	
Member contributions	115,390	104,673	95,327	90,313	80,714	84,671	92,218	97,591	
Gross benefits payments	(3,369,941)	(3,183,984)	(2,971,482)	(2,782,737)	(2,662,952)	(2,856,392)	(2,668,216)	(2,650,315)	
Net change in OPEB liability	18,071,552	2,778,125	(22,981,078)	(16,782,725)	59,911,421	(6,733,889)	(14,639,461)	(9,048,937)	
Total OPEB liability - beginning	115,976,871	113,198,746	136,179,824	152,962,549	93,051,128	99,785,017	114,424,476	123,473,414	
Total OPEB liability - ending	<u>\$ 134,048,423</u>	<u>\$ 115,976,871</u>	<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>\$ 44,829,572</u>	<u>\$ 41,568,079</u>	<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>299.02%</u>	<u>279.00%</u>	<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

The discount rate changed from 3.65% at June 30, 2023 to 3.93% at June 30, 2024.

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, 2025**

	<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	\$ 74,513,945		\$ 74,513,945	\$ 74,513,945	
Tuition	1,104,700		1,104,700	1,109,447	\$ 4,747
Transportation Fees	160,000		160,000	217,642	57,642
Interest Earned on Investments	45,000		45,000	465,340	420,340
Miscellaneous	280,000		280,000	465,347	185,347
Total - Local Sources	<u>76,103,645</u>		<u>76,103,645</u>	<u>76,771,721</u>	<u>668,076</u>
State Sources:					
Categorical Special Education Aid	3,910,241		3,910,241	3,910,241	
Transportation Aid	921,324		921,324	921,324	
Security Aid	325,345		325,345	325,345	
Extraordinary Aid	1,300,000		1,300,000	1,886,986	586,986
On-behalf Teachers' Pension and Annuity Fund				12,220,574	12,220,574
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,570,861	3,570,861
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,671	5,671
Reimbursed TPAF Social Security Contribution				2,603,894	2,603,894
Additional Non-Public Transportation Aid				162,976	162,976
Menstrual Products				4,997	4,997
Total State Sources	<u>6,456,910</u>		<u>6,456,910</u>	<u>25,612,869</u>	<u>19,155,959</u>
Total Revenues	<u>82,560,555</u>		<u>82,560,555</u>	<u>102,384,590</u>	<u>19,824,035</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	771,651	\$ 251,647	1,023,298	1,023,298	
Grades 1-5 - Salaries of Teachers	7,538,221	308,738	7,846,959	7,846,959	
Grades 6-8 - Salaries of Teachers	5,917,593	(274,702)	5,642,891	5,642,891	
Grades 9-12 - Salaries of Teachers	8,328,665	(11,390)	8,317,275	8,317,275	
Regular Programs - Home Instruction					
Salaries of Teachers	48,000	10,291	58,291	58,291	
Purchased Professional-Educational Services	30,000	28,166	58,166	57,308	858
Other Purchased Services	500	(500)			
General Supplies	500	(500)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	217,813	23,228	241,041	241,041	
Purchased Professional-Educational Services	10,750	(10,750)			
Cleaning, Repair and Maintenance Services	22,150	1,083	23,233	23,233	
Rentals	341,331	(77,362)	263,969	263,969	
Other Purchased Services	240,112	(42,353)	197,759	197,759	
Travel	925	(707)	218	218	
General Supplies	1,196,107	64,905	1,261,012	1,219,841	41,171
Textbooks	76,364	(45,975)	30,389	30,389	
Other Objects	36,331	20,607	56,938	56,418	520
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,777,013</u>	<u>244,426</u>	<u>25,021,439</u>	<u>24,978,890</u>	<u>42,549</u>
Learning and/or Language Disabilities					
Other Salaries for Instruction	43,680	(9,237)	34,443	34,443	
General Supplies	1,500		1,500	1,031	469
Total Learning and/or Language Disabilities	<u>45,180</u>	<u>(9,237)</u>	<u>35,943</u>	<u>35,474</u>	<u>469</u>
Visual Impairments					
Purchased Professional-Educational Services	6,900	360	7,260	7,260	
Total Visual Impairments	<u>6,900</u>	<u>360</u>	<u>7,260</u>	<u>7,260</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<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	\$ 88,980		\$ 88,980	\$ 88,980	
Total Emotional Regulation Impairment	<u>88,980</u>		<u>88,980</u>	<u>88,980</u>	
Multiple Disabilities					
Salaries of Teachers	273,535	\$ 445	273,980	273,980	
Other Salaries for Instruction	255,269	11,864	267,133	267,133	
General Supplies	5,943	(971)	4,972	4,014	\$ 958
Total Multiple Disabilities	<u>534,747</u>	<u>11,338</u>	<u>546,085</u>	<u>545,127</u>	<u>958</u>
Resource Room/Resource Center					
Salaries of Teachers	4,380,655	481,309	4,861,964	4,861,964	
Other Salaries for Instruction	1,438,158	36,060	1,474,218	1,474,218	
General Supplies	9,569	(563)	9,006	7,994	1,012
Textbooks	1,500	(1,142)	358	358	358
Total Resource Room/Resource Center	<u>5,829,882</u>	<u>515,664</u>	<u>6,345,546</u>	<u>6,344,176</u>	<u>1,370</u>
Preschool Disabilities - Part-Time					
Other Salaries for Instruction	153,055	8,719	161,774	161,523	251
General Supplies	3,000		3,000	2,725	275
Total Preschool Disabilities - Part-Time	<u>156,055</u>	<u>8,719</u>	<u>164,774</u>	<u>164,248</u>	<u>526</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	656,765	(91,947)	564,818	564,818	
Other Salaries for Instruction	44,280	(44,280)			
General Supplies	6,200	-	6,200	5,833	367
Total Preschool Disabilities - Full-Time	<u>707,245</u>	<u>(136,227)</u>	<u>571,018</u>	<u>570,651</u>	<u>367</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>7,368,989</u>	<u>390,617</u>	<u>7,759,606</u>	<u>7,755,916</u>	<u>3,690</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	736,364	(3,923)	732,441	731,890	551
General Supplies	5,300		5,300	4,987	313
Total Basic Skills/Remedial - Instruction	<u>741,664</u>	<u>(3,923)</u>	<u>737,741</u>	<u>736,877</u>	<u>864</u>
Bilingual Education - Instruction					
Salaries of Teachers	170,370	2,164	172,534	172,534	
Total Bilingual Education - Instruction	<u>170,370</u>	<u>2,164</u>	<u>172,534</u>	<u>172,534</u>	
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	400,000	138,373	538,373	538,373	
Purchased Services- Performing Arts	1,500		1,500	1,500	
Purchased Services	1,000	(551)	449	449	
Supplies and Materials	89,080	(13,720)	75,360	74,513	847
Other Objects	30,250	(14,502)	15,748	15,748	
Total School-Spon. Cocurricular Actvts. - Inst.	<u>521,830</u>	<u>109,600</u>	<u>631,430</u>	<u>630,583</u>	<u>847</u>
School-Spon. Athletics					
Salaries	781,415	91,005	872,420	872,420	
Purchased Services	180,945	(41,916)	139,029	138,023	1,006
Cleaning, Repair and Maintenance Services	15,818	(1,775)	14,043	12,922	1,121
Rentals	15,000	(1,556)	13,444	9,849	3,595
Insurance	70,735	(16,462)	54,273	54,273	
Supplies and Materials	185,244	(31,626)	153,618	149,441	4,177
Other Objects	143,711	(8,887)	134,824	134,513	311
Total School-Spon. Athletics	<u>1,392,868</u>	<u>(11,217)</u>	<u>1,381,651</u>	<u>1,371,441</u>	<u>10,210</u>
Total Instruction	<u>34,972,734</u>	<u>731,667</u>	<u>35,704,401</u>	<u>35,646,241</u>	<u>58,160</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<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 County Voc. School Dist. - Regular	\$ 128,316	\$ 10,048	\$ 138,364	\$ 138,364	
Tuition to CSSD & Regional Day Schools	38,024	(28,507)	9,517		\$ 9,517
Tuition to Private Schools for the Disabled - Within State	4,829,964	(1,207,485)	3,622,479	3,539,352	83,127
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	305,000	(26,204)	278,796	244,159	34,637
Total Undistributed Expenditures - Instruction	<u>5,301,304</u>	<u>(1,252,148)</u>	<u>4,049,156</u>	<u>3,921,875</u>	<u>127,281</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	145,420	100	145,520	145,520	
Total Undistributed Expenditures - Attend. and Social Work	<u>145,420</u>	<u>100</u>	<u>145,520</u>	<u>145,520</u>	
Undistributed Expenditures- Health Services					
Salaries	639,836	74,328	714,164	714,164	
Purchased Professional and Technical Services	28,080	11,166	39,246	39,246	
Other Purchased Services	960	(147)	813	456	357
Supplies and Materials	20,438	4,133	24,571	22,402	2,169
Supplies - Menstrual Products	-	5,000	5,000	4,989	11
Total Undistributed Expenditures - Health Services	<u>689,314</u>	<u>94,480</u>	<u>783,794</u>	<u>781,257</u>	<u>2,537</u>
Undistributed Expenditures - Other Supp. Serv. Students - Speech, OT, PT and Related Services					
Salaries	944,385	(8,766)	935,619	934,499	1,120
Purchased Professional - Educational Services	136,000		136,000	117,538	18,462
Supplies and Materials	7,802		7,860	7,860	
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT and Related Services	<u>1,088,187</u>	<u>(8,766)</u>	<u>1,079,479</u>	<u>1,059,897</u>	<u>19,582</u>
Undistributed Expenditures - Other Supp. Serv. Students - Extra Serv.					
Salaries	57,632	16,064	73,696	70,328	3,368
Other Salaries for Instruction	580,044	(13,068)	566,976	566,976	
Purchased Professional - Educational Services	779,184	(67,815)	711,369	643,007	68,362
Supplies and Materials	42,276	(8,972)	33,304	33,277	27
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>1,459,136</u>	<u>(73,791)</u>	<u>1,385,345</u>	<u>1,313,588</u>	<u>71,757</u>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	1,584,095	80,100	1,664,195	1,664,195	
Salaries of Secretarial and Clerical Assistants	154,340	7,030	161,370	161,370	
Other Salaries	15,000	(9,265)	5,735	5,735	
Purchased Professional - Educational Services	24,302	80	24,382	24,380	2
Other Purchased Prof. and Tech. Services	12,600	(3,930)	8,670	8,014	656
Supplies and Materials	11,545	(2,215)	9,330	8,425	905
Other Objects	5,708		5,768	5,213	555
Total Undist. Expend. - Guidance	<u>1,807,590</u>	<u>71,800</u>	<u>1,879,450</u>	<u>1,877,332</u>	<u>2,118</u>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	2,331,594	(47,235)	2,284,359	2,284,359	
Salaries of Secretarial and Clerical Assistants	186,880	1,862	188,742	188,742	
Other Purchased Prof. and Tech. Services	72,750	(4,315)	68,435	67,735	700
Other Purchased Services	9,000	(4,220)	2,370	1,590	780
Supplies and Materials	70,575	(18,762)	51,813	51,813	
Other Objects	6,600		6,600	6,076	524
Total Undistributed Expenditures - Child Study Teams	<u>2,677,399</u>	<u>(72,670)</u>	<u>2,602,319</u>	<u>2,600,315</u>	<u>2,004</u>
Undistributed Expenditures - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	830,916	75,826	906,742	906,742	
Supplies and Materials	500		500	500	
Other Objects	500		500	245	255
Total Undistributed Expenditures - Improvement of Inst. Serv.	<u>831,916</u>	<u>75,826</u>	<u>907,742</u>	<u>907,487</u>	<u>255</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 580,209	\$ (64,535)	\$ 515,674	\$ 515,673	\$ 1
Other Purchased Services	89,450	(3,473)	85,977	85,484	493
Supplies and Materials	71,785	(1,468)	70,317	68,737	1,580
Total Undist. Expend. - Edu. Media Serv./Sch. Library	741,444	(69,476)	671,968	669,894	2,074
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	305,166	(64,492)	240,674	240,674	
Purchased Professional - Educational Services	35,610	(11,916)	23,694	13,832	9,862
Other Purchased Services	62,675	(21,098)	41,577	41,137	440
Supplies and Materials	13,000	(9,805)	3,195	3,195	
Other Objects	26,375	(1,551)	24,824	24,576	248
Total Undist. Expend. - Instructional Staff Training Serv.	442,826	(108,862)	333,964	323,414	10,550
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	599,119	(22,979)	576,140	576,140	
Legal Services	315,000	(24,300)	290,700	77,848	212,852
Audit Fees	76,000	(11,139)	64,861	64,675	186
Architectural/Engineering Services	45,000		45,000	32,000	13,000
Other Purchased Professional Services	30,000	(21,895)	8,105	2,606	5,499
Other Purchased Professional and Technical Services	3,500	(3,000)	500		500
Insurance	2,400	146	2,546	2,496	50
Communications/Telephone	62,284	(15,499)	46,785	21,021	25,764
Travel	12,120		12,120	9,076	3,044
Board of Education Other Purchased Services	10,000	3,000	13,000	12,339	661
Miscellaneous Purchased Services	5,000		5,000	425	4,575
General Supplies	13,895	(438)	13,457	7,435	6,022
Board of Education In-House Training/Meeting Supplies	12,200		12,200	142	12,058
Miscellaneous Expenditures	32,562	8,000	40,562	31,711	8,851
Board of Education Dues and Fees	47,000		47,000	27,739	19,261
Total Undist. Expend. - Supp. Serv. - General Admin.	1,266,080	(88,104)	1,177,976	865,653	312,323
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,913,130	(49,915)	1,863,215	1,863,055	160
Salaries of Secretarial and Clerical Assistants	799,751	3,960	803,711	803,711	
Other Purchased Services	28,999	(4,341)	24,658	24,160	498
Travel	3,000		3,000	271	2,729
Supplies and Materials	17,145	(283)	16,862	14,679	2,183
Other Objects	18,093	(2,098)	15,995	11,314	4,681
Total Undist. Expend. - Support Serv. - School Admin.	2,780,118	(52,677)	2,727,441	2,717,190	10,251
Undist. Expend. - Central Services					
Salaries	861,405	3,182	864,587	864,587	
Purchased Professional Services	31,000	(550)	30,450	24,036	6,414
Purchased Technical Services	15,000	(5,665)	9,335	7,718	1,617
Cleaning, Repair and Maintenance Services	300		300		300
Rentals	10,924		10,924	5,445	5,479
Travel	5,000	300	5,300	5,101	199
Miscellaneous Purchased Services	45,700		45,700	33,992	11,708
Supplies and Materials	27,000	(102)	26,898	9,275	17,623
Miscellaneous Expenditures	7,160	352	7,512	7,015	497
Total Undist. Expend. - Central Services	1,003,489	(2,483)	1,001,006	957,169	43,837
Undist. Expend. - Technology Admin.					
Salaries	702,476	7,957	710,433	710,433	
Cleaning, Repair and Maintenance Services	65,580	(1,000)	64,580	48,879	15,701
Rentals	128		128		128
Travel	9,700		9,700	5,358	4,342
Supplies and Materials	190,475	(6,958)	183,517	167,666	15,851
Other Objects	650		650	39	611
Total Undist. Expend. - Technology Admin.	969,009	(1)	969,008	932,375	36,633

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<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	\$ 777,279	\$ (71,438)	\$ 705,841	\$ 704,867	\$ 974
Cleaning, Repair and Maintenance Services	730,000	199,117	929,117	894,967	34,150
Travel	6,500	(3,372)	3,128	802	2,326
General Supplies	260,000	64,279	324,279	309,570	14,709
Other Objects	2,000		554	500	54
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,775,779	188,586	1,962,919	1,910,706	52,213
Undist. Expend. - Custodial Services					
Salaries	2,233,295	106,803	2,340,098	2,332,797	7,301
Salaries of Non-Instructional Aides	38,535	26,481	65,016	64,865	151
Cleaning, Repair and Maintenance Services	296,886	19,514	316,400	307,111	9,289
Other Purchased Property Services	135,800	(1,230)	134,570	106,605	27,965
Insurance	520,500		520,500	510,394	10,106
General Supplies	187,525	17,836	205,361	201,086	4,275
Gasoline	27,000	102,300	133,210	122,210	11,000
Natural Gas	425,000	(135,092)	289,908	248,205	41,703
Electricity	602,000	(102,300)	602,000	578,376	23,624
Interest on Energy Savings Improvement Program Bonds	64,553		64,553	64,553	
Principal on Energy Savings Improvement Program Bonds	286,909		286,909	286,909	
Other Objects	5,000	(5,000)			
Total Undist. Expend. - Custodial Services	4,823,003	29,312	4,958,525	4,823,111	135,414
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	120,665	1,930	122,595	122,595	
Cleaning, Repair and Maintenance Services	93,500	(78,550)	14,950	14,883	67
General Supplies	38,400		16,466	16,466	
Total Undist. Expend. - Care and Upkeep of Grounds	252,565	(76,620)	154,011	153,944	67
Undist. Expend. - Security					
Salaries	150,964	(99)	150,865	150,865	
Purchased Professional and Technical Services	322,000	(13,722)	308,278	308,278	
Cleaning, Repair and Maintenance Services	85,200	(70,405)	14,795	14,795	
General Supplies	167,000	(24,799)	142,201	83,219	58,982
Total Undist. Expend. - Security	725,164	(109,025)	616,139	557,157	58,982
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	48,934		48,934	48,934	
Management Fees - ESC & CTSA Transportation Programs	16,000	634	16,634	16,634	
Other Purchased Professional and Technical Services	5,000	1,300	6,300	6,150	150
Other Purchased Services		809	809	504	305
Contracted Services Aid In Lieu of Payment for Non-public School Students	250,000	36,468	286,468	285,880	588
Contracted Services (Between Home and School) - Vendors	1,251,410	(116,189)	1,135,221	1,135,221	
Contracted Services (Other than Between Home and School) - Vendors	525,290	(42,323)	482,967	450,811	32,156
Contracted Services (Regular Students) - ESCs	231,000	3,191	234,191	234,191	
Contracted Services (Special Education Students) - ESCs	1,950,000	829,663	2,779,663	2,774,863	4,800
Total Undist. Expend. - Student Transportation Serv.	4,277,634	713,553	4,991,187	4,953,188	37,999
Unallocated Benefits					
Social Security Contributions	916,700	71,073	987,773	987,773	
Other Retirement Contributions - Regular	1,192,700	(175,623)	1,017,077	1,016,550	527
Workmen's Compensation	310,000	10,356	320,356	320,356	
Health Benefits	11,333,597	(67,230)	11,266,367	11,107,121	159,246
Tuition Reimbursement	165,000	(7,000)	158,000	151,469	6,531
Other Employee Benefits	45,000	(34,000)	11,000	10,432	568
Total Unallocated Benefits	13,962,997	(202,424)	13,760,573	13,593,701	166,872
On-behalf Teachers' Pension and Annuity Fund				12,220,574	(12,220,574)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical				3,570,861	(3,570,861)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance				5,671	(5,671)
Reimbursed TPAF Social Security Contribution				2,603,894	(2,603,894)
Total On-behalf Contributions				18,401,000	(18,401,000)
TOTAL UNDISTRIBUTED EXPENDITURES	47,020,374	(862,852)	46,157,522	63,465,773	(17,308,251)
TOTAL GENERAL CURRENT EXPENSE	81,993,108	(131,185)	81,861,923	99,112,014	(17,250,091)

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<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	\$ 370,000	\$ (141,201)	\$ 228,799	\$ 211,141	\$ 17,658
Total Undistributed Expenditures:	<u>370,000</u>	<u>(141,201)</u>	<u>228,799</u>	<u>211,141</u>	<u>17,658</u>
Required Maintenance for School Facilities					
Non-Instructional equipment	70,000	134,762	204,762	204,646	116
Total Required Maintenance for School Facilities	<u>70,000</u>	<u>134,762</u>	<u>204,762</u>	<u>204,646</u>	<u>116</u>
Buildings and Grounds					
Non-Instructional equipment		32,443	32,443		32,443
Total Buildings and Grounds		<u>32,443</u>	<u>32,443</u>		<u>32,443</u>
Custodial Services					
Non-Instructional equipment		33,300	33,300	32,617	683
Total Custodial Services		<u>33,300</u>	<u>33,300</u>	<u>32,617</u>	<u>683</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	256,000	(218,500)	37,500	30,100	7,400
Construction Services	995,940	3,158,930	4,154,870	2,416,515	1,738,355
Supplies and Materials		9,480	9,480	9,480	
Other Objects - Debt Service Assessment	112,459		112,459	112,459	
Total Facilities Acquisition and Construction Services	<u>1,364,399</u>	<u>2,949,910</u>	<u>4,314,309</u>	<u>2,568,554</u>	<u>1,745,755</u>
TOTAL CAPITAL OUTLAY	<u>1,804,399</u>	<u>3,009,214</u>	<u>4,813,613</u>	<u>3,016,958</u>	<u>1,796,655</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	21,000	(21,000)			
General Supplies	1,200		1,200	1,191	9
Total Summer School - Instruction	<u>22,200</u>	<u>(21,000)</u>	<u>1,200</u>	<u>1,191</u>	<u>9</u>
Total Summer School	<u>22,200</u>	<u>(21,000)</u>	<u>1,200</u>	<u>1,191</u>	<u>9</u>
Instructional Alternative Education Programs - Instruction					
Salaries of Teachers	235,000	20,743	255,743	255,743	
General Supplies	2,000	37	2,037	1,919	118
Total Instructional Alternative Education Programs - Instruction	<u>237,000</u>	<u>20,780</u>	<u>257,780</u>	<u>257,662</u>	<u>118</u>
TOTAL SPECIAL SCHOOLS	<u>259,200</u>	<u>(220)</u>	<u>258,980</u>	<u>258,853</u>	<u>127</u>
Contribution to Charter Schools	<u>65,619</u>	<u>42,366</u>	<u>107,985</u>	<u>107,985</u>	
TOTAL EXPENDITURES	<u>84,122,326</u>	<u>2,920,175</u>	<u>87,042,501</u>	<u>102,495,810</u>	<u>(15,453,309)</u>
(Deficiency) Excess of Revenues					
(Under) Over Expenditures	<u>(1,561,771)</u>	<u>(2,920,175)</u>	<u>(4,481,946)</u>	<u>(111,220)</u>	<u>4,370,726</u>
Other Financing (Uses):					
Capital Reserve - Transfer to Capital Projects Fund	(2,403,060)		(2,403,060)	(2,403,060)	
Total Other Financing (Uses)	<u>(2,403,060)</u>	<u>-</u>	<u>(2,403,060)</u>	<u>(2,403,060)</u>	
Change in fund balance	<u>(3,964,831)</u>	<u>(2,920,175)</u>	<u>(6,885,006)</u>	<u>(2,514,280)</u>	<u>4,370,726</u>
Fund Balance, July 1	<u>16,172,239</u>	<u>-</u>	<u>16,172,239</u>	<u>16,172,239</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 12,207,408</u>	<u>\$ (2,920,175)</u>	<u>\$ 9,287,233</u>	<u>\$ 13,657,959</u>	<u>\$ 4,370,726</u>

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025**

	<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		\$ (2,755,165)	\$ (2,755,165)	\$ (2,755,165)	
Budgeted Fund Balance	\$ (264,831)		(264,831)	3,867,764	\$ 4,132,595
Withdrawal from Emergency Reserve		(165,010)	(165,010)	(165,010)	
Increase in Capital Reserve				238,131	238,131
Withdrawal from Capital Reserve	(3,700,000)		(3,700,000)	(3,700,000)	
Total	<u>\$ (3,964,831)</u>	<u>\$ (2,920,175)</u>	<u>\$ (6,885,006)</u>	<u>\$ (2,514,280)</u>	<u>\$ 4,370,726</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus-prior year				\$ 1,362,436	
Excess Surplus-current year				290,488	
Capital Reserve				8,720,517	
Emergency Reserve				10	
Unemployment Compensation				336,203	
Assigned to:					
Year End Encumbrances				468,386	
Unassigned Fund Balance				<u>2,479,919</u>	
Budgetary Fund Balance				<u>\$ 13,657,959</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance				\$ 13,657,959	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(500,815)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 13,157,144</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources		\$ 633,035	\$ 633,035	\$ 1,055,851	\$ 422,816
State Sources	\$ 171,160	45,103	216,263	189,626	(26,637)
Local Sources	759,310	233,501	992,811	927,769	(65,042)
Total Revenues	<u>\$ 930,470</u>	<u>\$ 911,639</u>	<u>\$ 1,842,109</u>	<u>\$ 2,173,246</u>	<u>\$ 331,137</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		\$ 4,100	\$ 4,100		\$ 4,100
Other Salaries		300	300	\$ 100	200
Purchased Professional and Educational Services	\$ 94,038	32,389	126,427	100,075	26,352
Rentals		1,297	1,297	1,297	
Other Purchased Services	728,000	179,697	907,697	865,170	42,527
Travel		2,975	2,975	2,975	
General Supplies	62,993	360,373	423,366	341,136	82,230
Textbooks	16,709	(1,623)	15,086	15,040	46
Other Objects		2,652	2,652	2,607	45
Equipment		4,000	4,000	4,000	
Total Instruction	<u>901,740</u>	<u>586,160</u>	<u>1,487,900</u>	<u>1,332,400</u>	<u>155,500</u>
Support Services					
Purchased Professional and Technical Services	28,730	2,403	31,133	26,500	4,633
Purchased Professional and Educational Services		16,785	16,785	11,725	5,060
Contracted Services - Transportation		1,000	1,000	1,000	
Cleaning Repairs and Maintenance		11,164	11,164	11,164	
Supplies and Materials		36,030	36,030	30,196	5,834
Student Activities				631,068	(631,068)
Scholarships				18,382	(18,382)
Total Support Services	<u>28,730</u>	<u>67,382</u>	<u>96,112</u>	<u>730,035</u>	<u>(633,923)</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		244,675	244,675	150,075	94,600
Equipment		13,422	13,422	4,993	8,429
Total Facilities Acquisition and Construction Services		<u>258,097</u>	<u>258,097</u>	<u>155,068</u>	<u>103,029</u>
Total Expenditures	<u>930,470</u>	<u>911,639</u>	<u>1,842,109</u>	<u>2,217,503</u>	<u>(375,394)</u>
(Deficit) of Revenues (Under)					
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(44,257)</u>	<u>\$ (44,257)</u>
Fund Balance, July 1				<u>657,214</u>	
Fund Balance, June 30				<u>\$ 612,957</u>	
Recapitulation of Fund Balance:					
Student Activities				\$ 574,923	
Scholarships				38,034	
				<u>\$ 612,957</u>	

**BOARD OF EDUCATION
SCHOOL DISTRICT OF THE CHATHAMS
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year Ended June 30, 2025**

**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)	\$ 102,384,590	\$ 2,173,246
Difference - budget to GAAP:		
Difference: Interest Earned on Capital Reserve Account		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(153,669)
Prior Year, net		177,364
 State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	 463,531	
 State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements.	 <u>(500,815)</u>	 <u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	 <u>\$ 102,347,306</u>	 <u>\$ 2,196,941</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 102,495,810	\$ 2,217,503
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>23,695</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	 <u>\$ 102,495,810</u>	 <u>\$ 2,241,198</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, 2025

	<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	\$ 189,626	\$ 189,626				
Federal Sources	927,769		\$ 927,769			
Local Sources	1,055,851			\$ 450,658	\$ 596,744	\$ 8,449
Total Revenues	<u>\$ 2,173,246</u>	<u>\$ 189,626</u>	<u>\$ 927,769</u>	<u>\$ 450,658</u>	<u>\$ 596,744</u>	<u>\$ 8,449</u>
EXPENDITURES:						
Instruction:						
Other Salaries	\$ 100			\$ 100.00		
Purchased Professional and Educational Services	100,075	\$ 99,895		180		
Rentals	1,297			1,297		
Other Purchased Services	865,170		\$ 850,170	15,000		
Travel	2,975			2,975		
General Supplies	341,136	74,691	39,374	227,071		
Textbooks	15,040	15,040				
Other Objects	2,607			2,607		
Equipment	4,000			4,000		
Total Instruction	<u>1,332,400</u>	<u>189,626</u>	<u>889,544</u>	<u>253,230</u>		
Support Services:						
Purchased Professional and Technical Services	26,500		26,500			
Purchased Professional and Educational Services	11,725		11,725			
Cleaning, Repairs and Maintenance Services	11,164			11,164		
Contr. Services - Transportation	1,000			1,000		
Supplies and Materials	30,196			30,196		
Other Objects	18,382					\$ 18,382
Student Activities	631,068				\$ 631,068	
Total Support Services	<u>730,035</u>		<u>38,225</u>	<u>42,360</u>	<u>631,068</u>	<u>18,382</u>
Facilities Acquisition and Const. Serv.:						
Construction Services	150,075			150,075		
Noninstructional Equipment	4,993			4,993		
Total Facilities Acquisition and Const. Serv.	<u>155,068</u>	<u>-</u>	<u>-</u>	<u>155,068</u>		
Total Expenditures	<u>2,217,503</u>	<u>189,626</u>	<u>927,769</u>	<u>450,658</u>	<u>631,068</u>	<u>18,382</u>
Change in fund balance	(44,257)	-	-	-	(34,324)	(9,933)
Fund Balance, July 1	657,214	-	-	-	609,247	47,967
Fund Balance, June 30	<u>\$ 612,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,923</u>	<u>\$ 38,034</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, 2025

	<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>
REVENUES:										
State Sources	\$ 189,626	\$ 15,040	\$ 2,001	\$ 23,142	\$ 14,276	\$ 38,350	\$ 60,415	\$ 13,857	\$ 1,647	\$ 20,898
Total State Revenues	<u>\$ 189,626</u>	<u>\$ 15,040</u>	<u>\$ 2,001</u>	<u>\$ 23,142</u>	<u>\$ 14,276</u>	<u>\$ 38,350</u>	<u>\$ 60,415</u>	<u>\$ 13,857</u>	<u>1,647</u>	<u>20,898</u>
EXPENDITURES:										
Instruction:										
Purchased Professional and Educational Services	\$ 99,895		\$ 2,001	\$ 23,142		\$ 38,350		\$ 13,857	\$ 1,647	\$ 20,898
General Supplies	74,691				\$ 14,276		\$ 60,415			
Textbooks	15,040	\$ 15,040								
Total Instruction	<u>189,626</u>	<u>15,040</u>	<u>2,001</u>	<u>23,142</u>	<u>14,276</u>	<u>38,350</u>	<u>60,415</u>	<u>13,857</u>	<u>1,647</u>	<u>20,898</u>
Total Expenditures	<u>189,626</u>	<u>15,040</u>	<u>2,001</u>	<u>23,142</u>	<u>14,276</u>	<u>38,350</u>	<u>60,415</u>	<u>13,857</u>	<u>1,647</u>	<u>20,898</u>
Change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	<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, 2025

		<u>E.S.E.A.</u>		<u>I.D.E.A.</u>	
	<u>Total</u>	<u>Title II-A</u>	<u>Title III-A</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES:					
State Sources					
Federal Sources	\$ 927,769	\$ 32,531	\$ 5,018	\$ 869,900	\$ 20,320
Total Federal Revenues	<u>\$ 927,769</u>	<u>\$ 32,531</u>	<u>\$ 5,018</u>	<u>\$ 869,900</u>	<u>\$ 20,320</u>
EXPENDITURES:					
Instruction:					
Other Purchased Services	\$ 850,170			\$ 829,850	\$ 20,320
General Supplies	39,374	\$ 6,031	\$ 5,018	28,325	
Total Instruction	<u>889,544</u>	<u>6,031</u>	<u>5,018</u>	<u>858,175</u>	<u>20,320</u>
Support Services:					
Purchased Professional and Technical Services	26,500	26,500			
Purchased Professional and Educational Services	11,725			11,725	
Total Support Services	<u>38,225</u>	<u>26,500</u>		<u>11,725</u>	
Total Expenditures	<u>927,769</u>	<u>32,531</u>	<u>5,018</u>	<u>869,900</u>	<u>20,320</u>
Change in fund balance	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis

Year Ended June 30, 2025

REVENUES AND OTHER FINANCING SOURCES

State Sources	
SDA Grants	\$ 1,588,240
Local Sources	
Transfer in from capital reserve	2,403,060
Total Revenues	<u>3,991,300</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services	327,000
Construction Services	3,152,836
Total Expenditures	<u>3,479,836</u>

Excess of Revenues over Expenditures	511,464
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Fund Balance - July 1	<u>-</u>
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Fund Balance - June 30	<u><u>\$ 511,464</u></u>
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Reconciliation to Fund Financial Statements:

Fund balance, June 30, 2025 - budgetary- basis	\$ 511,464
GAAP Basis Revenues not recognized	<u>(204,586)</u>
Fund balance, June 30, 2025 - GAAP Basis	<u><u>\$ 306,878</u></u>

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Chatham Middle School Roof
Year Ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 34,440	\$ 34,440	\$ 34,440
Transfer from capital reserve		51,660	51,660	51,660
Lease Purchase Agreements				
Total Revenues	-	86,100	86,100	86,100
EXPENDITURES AND OTHER FINANCING USES				
Transfer out				
Other Purchased Professional and Technical Services		7,400	7,400	7,400
Construction Services		78,700	78,700	78,700
Total Expenditures and Other Financing Uses	-	86,100	86,100	86,100
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	(05)-27-0785-030-23-R503			
Grant Date	12/31/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	86,100		
Additional Authorized Cost				
Revised Authorized Cost	\$	86,100		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	100.00%			
Original Target Completion Date	6/30/25			
Revised Target Completion Date	Complete			

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Southern Boulevard Elementary School Roof
Year Ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 310,700	\$ 310,700	\$ 310,700
Transfer from capital reserve		466,050	466,050	466,050
Total Revenues	-	776,750	776,750	776,750
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		65,100	65,100	65,100
Construction Services		639,736	639,736	639,736
Total Expenditures and Other Financing Uses	-	704,836	704,836	704,836
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 71,914	\$ 71,914	\$ 71,914
ADDITIONAL PROJECT INFORMATION				
Project Number	(05)-27-0785-080-23-R503			
Grant Date	12/31/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	776,750		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	776,750		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	90.74%			
Original Target Completion Date	6/30/25			
Revised Target Completion Date	Complete			

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Chatham High School HVAC Upgrade Project
Year Ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 450,780	\$ 450,780	\$ 450,780
Transfer from capital reserve		676,170	676,170	676,170
Total Revenues	-	1,126,950	1,126,950	1,126,950
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		94,900	94,900	94,900
Construction Services		748,700	748,700	748,700
Total Expenditures and Other Financing Uses	-	843,600	843,600	843,600
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 283,350	\$ 283,350	\$ 283,350
ADDITIONAL PROJECT INFORMATION				
Project Number	(02)-27-0785-010-23-R502			
Grant Date	12/31/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	1,126,950		
Additional Authorized Cost				
Revised Authorized Cost	\$	1,126,950		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	74.86%			
Original Target Completion Date	12/31/25			
Revised Target Completion Date	12/31/25			

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Chatham Middle School HVAC Upgrade Project
Year Ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 474,040	\$ 474,040	\$ 474,040
Transfer from capital reserve		731,760	731,760	731,760
Total Revenues	-	1,205,800	1,205,800	1,205,800
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		92,400	92,400	92,400
Construction Services		1,113,400	1,113,400	1,113,400
Total Expenditures and Other Financing Uses	-	1,205,800	1,205,800	1,205,800
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
ADDITIONAL PROJECT INFORMATION				
Project Number	(02)-27-0785-030-23-R501			
Grant Date	12/31/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	1,185,100		
Additional Authorized Cost		20,700		
Revised Authorized Cost	\$	1,205,800		
Percentage Increase (Decrease) over Original Authorized Cost	1.75%			
Percentage Completed	100.00%			
Original Target Completion Date	12/31/25			
Revised Target Completion Date	Complete			

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Lafayette Elementary School HVAC Upgrade Project
Year Ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant		\$ 318,280	\$ 318,280	\$ 318,280
Transfer from capital reserve		477,420	477,420	477,420
Total Revenues	-	795,700	795,700	795,700
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services		67,200	67,200	67,200
Construction Services		572,300	572,300	572,300
Total Expenditures and Other Financing Uses	-	639,500	639,500	639,500
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 156,200	\$ 156,200	\$ 156,200
ADDITIONAL PROJECT INFORMATION				
Project Number	(02)-27-0785-050-R503			
Grant Date	12/31/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	795,700		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	795,700		
Percentage Increase (Decrease) over Original Authorized Cost	0.00%			
Percentage Completed	80.37%			
Original Target Completion Date	12/31/25			
Revised Target Completion Date	12/31/25			

SCHOOL DISTRICT OF THE CHATHAMS
Capital Projects Fund

Summary Schedule of Project Expenditures
Year Ended June 30, 2025

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date	Unexpended Appropriations June 30, 2025
			Current Year	
Chatham Middle School Roof	12/14/23	\$ 86,100	\$ 86,100	
Southern Boulevard Elementary School Roof	12/14/23	776,750	704,836	\$ 71,914
Chatham High School HVAC Upgrade Project	12/14/23	1,126,950	843,600	283,350
Chatham Middle School HVAC Upgrade Project	12/14/23	1,205,800	1,205,800	
Lafayette Elementary School HVAC Upgrade Project	12/14/23	795,700	639,500	156,200
Totals		\$ 3,991,300	\$ 3,479,836	\$ 511,464

LONG-TERM DEBT

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

**Long-term Debt
Schedule of Serial Bonds Payable
Year Ended June 30, 2025**

Annual Maturities of Bonds Outstanding June 30, 2025										
Purpose	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance July 1, 2024	Increased	Paid	Refunded	Balance June 30, 2025
Refunding Bonds - Series 2014A	11/7/2014	\$ 16,275,000				\$ 13,370,000		\$ 490,000	\$ 12,880,000	
Refunding Bonds - Series 2014B	11/7/2014	12,270,000				2,700,000		1,315,000	1,385,000	
School Bonds - Series 2017	1/12/2017	15,864,000	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%	11,725,000		750,000		\$ 10,975,000
Refunding Bonds - Series 2024	12/17/2024	13,865,000	7/15/2025	1,885,000	3.000%					
			7/15/2026	2,195,000	3.000%					
			7/15/2027	2,285,000	4.000%					
			7/15/2028	2,390,000	4.000%					
			7/15/2029	2,500,000	4.000%					
			7/15/2030	2,610,000	4.000%					
							\$ 13,865,000			13,865,000
						\$ 27,795,000	\$ 13,865,000	\$ 2,555,000	\$ 14,265,000	\$ 24,840,000

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

**Long - Term Debt
Schedule of Financed Purchases and Leases Payable
Year Ended June 30, 2025**

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2024</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
Financed Purchases					
School Energy Savings (ESIP)	2.40%	\$ 5,390,000	<u>\$ 2,763,250</u>	<u>\$ 286,909</u>	<u>\$ 2,476,341</u>
Total financed purchases			<u>2,763,250</u>	<u>286,909</u>	<u>2,476,341</u>
Leases Payable					
Copiers	5.00%	27,727	16,101	5,601	10,500
Copiers	5.00%	27,627	13,236	5,743	7,493
Copiers	3.65%	132,880	20,036	20,036	
Copiers	3.10%	204,677	<u>92,707</u>	<u>41,994</u>	<u>50,713</u>
Total leases payable			<u>142,080</u>	<u>73,374</u>	<u>68,706</u>
Total Financed Purchases and Leases Payable			<u><u>\$ 2,905,330</u></u>	<u><u>\$ 360,283</u></u>	<u><u>\$ 2,545,047</u></u>

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

**Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2025**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,336,745		\$ 3,336,745	\$ 3,336,745	
Miscellaneous				6,373	\$ 6,373
State Sources:					
Debt Service Aid Type II	225,630		225,630	225,630	-
Total Revenues	<u>3,562,375</u>		<u>3,562,375</u>	<u>3,568,748</u>	<u>6,373</u>
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	2,555,000		2,555,000	2,555,000	
Interest on Bonds	1,007,375		1,007,375	919,462	87,913
Cost of Issuance	-		-	133,906	(133,906)
Total Expenditures	<u>3,562,375</u>		<u>3,562,375</u>	<u>3,608,368</u>	<u>(45,993)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>		<u>-</u>	<u>(39,620)</u>	<u>(39,620)</u>
Other Financing Sources (Uses):					
Refunding Bonds Issued				13,865,000	13,865,000
Premium on the issuance of refunding bonds				608,282	608,282
Funds used from prior bond proceeds				160,000	160,000
Payment to refunded bonds escrow agent				(14,499,376)	(14,499,376)
Total Other Financing Sources (Uses)				<u>133,906</u>	<u>133,906</u>
Change in Net Position	-		-	94,286	94,286
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,286</u>	<u>\$ 94,286</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

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 40,173,129	\$ 40,273,278	\$ 41,337,096	\$ 44,359,450	\$ 45,077,251	\$ 44,740,052	\$ 46,525,707	\$ 48,666,434	\$ 48,963,897	\$ 54,567,033
Restricted	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311	8,371,662	6,689,926	8,142,156	11,292,160	11,629,489
Unrestricted (deficit)	(13,032,813)	(14,518,357)	(14,155,678)	(15,580,439)	(16,068,657)	(13,914,141)	(10,352,988)	(9,015,248)	(7,190,812)	(17,253,945)
Total governmental activities net position	<u>\$ 30,778,449</u>	<u>\$ 29,941,622</u>	<u>\$ 30,277,430</u>	<u>\$ 31,875,634</u>	<u>\$ 34,549,905</u>	<u>\$ 39,197,573</u>	<u>\$ 42,862,645</u>	<u>\$ 47,793,342</u>	<u>\$ 53,065,245</u>	<u>\$ 48,942,577</u>
Business-type activities										
Investment in capital assets	\$ 283,085	\$ 263,901	\$ 249,847	\$ 481,919	\$ 456,053	\$ 416,155	\$ 483,092	\$ 555,596	\$ 531,266	\$ 583,580
Unrestricted (deficit)	144,516	246,940	363,078	237,468	140,853	(101,886)	(149,290)	(339,961)	(452,419)	(581,745)
Total business-type activities net position	<u>\$ 427,601</u>	<u>\$ 510,841</u>	<u>\$ 612,925</u>	<u>\$ 719,387</u>	<u>\$ 596,906</u>	<u>\$ 314,269</u>	<u>\$ 333,802</u>	<u>\$ 215,635</u>	<u>\$ 78,847</u>	<u>\$ 1,835</u>
Government-wide										
Net investment in capital assets	\$ 40,456,214	\$ 40,537,179	\$ 41,586,943	\$ 44,841,369	\$ 45,533,304	\$ 45,156,207	\$ 47,008,799	\$ 49,222,030	\$ 49,495,163	\$ 55,150,613
Restricted	3,638,133	4,186,701	3,096,012	3,096,623	5,541,311	8,371,662	6,689,926	8,142,156	11,292,160	11,629,489
Unrestricted (deficit)	(12,888,297)	(14,271,417)	(13,792,600)	(15,342,971)	(15,927,804)	(14,016,027)	(10,502,278)	(9,355,209)	(7,643,231)	(17,835,690)
Total government-wide net position	<u>\$ 31,206,050</u>	<u>\$ 30,452,463</u>	<u>\$ 30,890,355</u>	<u>\$ 32,595,021</u>	<u>\$ 35,146,811</u>	<u>\$ 39,511,842</u>	<u>\$ 43,196,447</u>	<u>\$ 48,008,977</u>	<u>\$ 53,144,092</u>	<u>\$ 48,944,412</u>

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.
GASB 101 was implemented in the 2025 fiscal year, which resulted in increased government activities unrestricted deficit.

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

(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
Instruction	\$ 49,759,786	\$ 54,942,382	\$ 58,612,675	\$ 53,879,765	\$ 53,711,562	\$ 54,789,380	\$ 55,397,080	\$ 54,089,978	\$ 56,197,063	\$ 57,373,686
Support services:										
Student and instruction related services	11,589,155	13,252,401	14,664,694	13,804,784	13,303,090	14,029,746	13,903,874	13,543,916	13,969,399	14,675,519
School administration services	4,587,008	5,142,705	5,645,887	4,836,348	4,709,445	4,734,263	2,683,200	2,512,696	4,206,013	4,032,884
General and Business administration services	3,586,420	3,985,040	4,294,050	3,823,038	4,016,449	3,990,945	6,102,985	5,895,020	3,857,057	3,853,946
Operation and Maintenance of Plant Services	6,966,367	7,559,671	7,854,496	7,920,949	7,614,503	7,857,743	8,590,334	8,105,642	8,780,085	8,928,487
Student transportation services	2,705,793	2,886,516	2,958,287	3,124,966	2,721,247	2,720,533	3,687,711	4,086,402	4,677,884	4,974,017
Special Schools	290,374	318,195	306,429	279,176	314,075	391,432	401,287	266,218	274,411	367,711
Charter Schools				32,757			31,574	78,168	63,139	107,985
Interest and other costs on long term debt	1,186,504	1,564,896	1,527,928	1,474,153	1,403,918	1,315,694	1,140,271	1,123,106	1,017,886	1,011,214
Total governmental activities	80,671,407	89,651,806	95,864,446	89,175,936	87,794,289	89,829,736	91,938,316	89,701,146	93,042,937	95,325,449
Business-type activities:										
Food service	1,207,014	1,171,771	1,234,757	1,241,311	1,027,281	388,524	1,530,093	1,730,748	1,890,729	1,961,157
Total business-type activities expense	1,207,014	1,171,771	1,234,757	1,241,311	1,027,281	388,524	1,530,093	1,730,748	1,890,729	1,961,157
Total government-wide expenses	\$ 81,878,421	\$ 90,823,577	\$ 97,099,203	\$ 90,417,247	\$ 88,821,570	\$ 90,218,260	\$ 93,468,409	\$ 91,431,894	\$ 94,933,666	\$ 97,286,606
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 251,032	\$ 179,845	\$ 165,429	\$ 109,908	\$ 112,560	\$ 354,253	\$ 266,954	\$ 779,020	\$ 1,008,540	\$ 1,109,447
Pupil transportation	134,560	132,526	157,648	172,298	171,743	99,496		119,128	199,331	217,642
Student and instruction related services (student activities)							245,733	440,651	547,615	596,744
Operating grants and contributions	1,412,608	1,368,133	1,260,716	1,444,997	1,246,808	1,101,874	1,518,434	2,042,800	2,035,483	1,385,640
Capital grants and contributions	68,753	248,586	265,746	168,898	119,720	155,339	101,250	191,351	297,102	1,598,211
Total governmental activities program revenues	1,866,953	1,929,090	1,849,539	1,896,101	1,650,831	1,710,962	2,132,371	3,572,950	4,088,071	4,907,684
Business-type activities:										
Charges for services										
Food service	1,063,569	1,127,623	1,166,780	1,248,527	1,266,481	852,827	86,047	761,744	1,753,288	1,915,256
Operating grants and contributions	83,987	93,426	88,231	88,314	81,292	51,973	19,840	692,338	653	
Capital grants and contributions								95,544		
Total business type activities program revenues	1,147,556	1,221,049	1,255,011	1,336,841	1,347,773	904,800	105,887	1,549,626	1,753,941	1,915,256
Total government-wide program revenues	\$ 3,014,509	\$ 3,150,139	\$ 3,104,550	\$ 3,232,942	\$ 2,998,604	\$ 2,615,762	\$ 2,238,258	\$ 5,122,576	\$ 5,842,012	\$ 6,822,940
Net (Expense)/Revenue										
Governmental activities	\$ (74,798,660)	\$ (78,742,317)	\$ (87,802,267)	\$ (93,968,345)	\$ (86,143,458)	\$ (88,118,774)	\$ (89,805,945)	\$ (86,128,196)	\$ (88,954,866)	\$ (90,417,765)
Business-type activities	68,761	14,035	83,240	102,084	320,492	516,276	(1,424,206)	(181,122)	(136,788)	(45,901)
Total government-wide net (expense)/revenue	\$ (74,729,899)	\$ (78,728,282)	\$ (87,719,027)	\$ (93,866,261)	\$ (85,822,966)	\$ (87,602,498)	\$ (91,230,151)	\$ (86,309,318)	\$ (89,091,654)	\$ (90,463,666)

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

(accrual basis of accounting)
Unaudited

	2016	2017	2018	Year ended June 30,		2021	2022	2023	2024	2025
				2019	2020					
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 58,767,459	\$ 60,147,138	\$ 61,921,960	\$ 64,078,788	\$ 65,360,364	\$ 66,657,571	\$ 67,913,722	\$ 69,271,996	\$ 72,407,436	\$ 74,513,945
Taxes levied for debt service	2,607,363	2,261,810	2,700,999	3,210,325	3,156,995	3,267,966	3,325,299	3,347,112	3,345,178	3,336,745
Unrestricted grants and contributions	17,551,011	23,730,833	29,062,101	21,013,971	19,495,653	21,074,230	20,269,090	17,580,541	17,285,837	15,187,963
Investment earnings	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292	302,779	465,340
Miscellaneous income	543,828	781,108	471,789	649,444	579,693	406,475	483,531	586,424	885,539	471,720
Total governmental activities	<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>	<u>94,226,769</u>	<u>93,975,713</u>
Total district-wide	<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>	<u>\$ 94,226,769</u>	<u>\$ 93,975,713</u>
Change in Net Position										
Governmental activities	\$ (8,327,917)	\$ (7,002,905)	\$ 335,808	\$ 2,979,851	\$ 638,824	\$ 3,770,495	\$ 2,224,493	\$ 4,821,169	\$ 5,271,903	\$ 3,557,948
Business-type activities	83,240	102,084	102,084	320,492	516,276	(282,637)	19,533	(181,122)	(136,788)	(45,901)
Total district	<u>\$ (8,244,677)</u>	<u>\$ (6,900,821)</u>	<u>\$ 437,892</u>	<u>\$ 3,300,343</u>	<u>\$ 1,155,100</u>	<u>\$ 3,487,858</u>	<u>\$ 2,244,026</u>	<u>\$ 4,640,047</u>	<u>\$ 5,135,115</u>	<u>\$ 3,512,047</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

	2016	2017	2018	2019	As of June 30, 2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 3,638,133	\$ 4,152,480	\$ 3,096,012	\$ 3,096,623	\$ 5,541,311	\$ 7,799,680	\$ 6,065,003	\$ 7,521,039	\$ 10,634,946	\$ 10,709,654
Assigned	559,139	814,350	1,804,779	551,785	199,990	357,072	1,386,433	2,411,512	2,755,165	468,386
Unassigned	1,109,931	1,130,079	1,245,562	1,225,231	1,127,030	2,719,099	3,348,366	1,976,927	2,318,597	1,979,104
Total general fund	<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>	<u>\$ 15,708,708</u>	<u>\$ 13,157,144</u>
Special Revenue Fund										
Restricted for Student Activities						\$ 530,779	\$ 579,821	\$ 578,825	\$ 609,247	\$ 574,923
Restricted for Scholarships						41,203	45,102	42,292	47,967	38,034
Total special revenue fund						<u>\$ 571,982</u>	<u>\$ 624,923</u>	<u>\$ 621,117</u>	<u>\$ 657,214</u>	<u>\$ 612,957</u>
All Other Governmental Funds										
Restricted	\$ 1,159,820	\$ 15,713,076	\$ 4,971,947	\$ 2,651,569	\$ 69,306	\$ 22,066	\$ 1,750	\$ -	\$ -	\$ 401,164
Total all other governmental funds	<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>	<u>\$ -</u>	<u>\$ 401,164</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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Local sources:										
Local tax levy	\$ 61,374,822	\$ 62,408,948	\$ 64,622,959	\$ 67,289,113	\$ 68,517,359	\$ 69,925,537	\$ 71,239,021	\$ 72,619,108	\$ 75,752,614	\$ 77,850,690
Transportation fees	132,526	157,648	172,298	171,743	99,496		119,128	777,192	1,008,540	1,109,447
Tuition charges	179,845	165,429	109,908	112,560	354,253	266,954	779,020	169,146	199,331	217,642
Interest earned	4,689	44,551	147,304	170,781	164,893	61,618	38,796	163,292	302,779	465,340
Miscellaneous	813,561	1,137,416	1,000,368	949,903	847,393	885,616	1,185,214	1,371,695	1,697,820	1,462,102
Total local sources	62,505,443	63,913,992	66,052,837	68,694,100	69,983,394	71,139,725	73,361,179	75,100,433	78,961,084	81,105,221
State sources	9,768,918	10,524,009	12,002,024	14,026,995	14,878,443	18,142,527	22,948,013	24,149,720	25,627,900	27,463,659
Federal sources	955,119	978,150	918,151	901,459	812,547	1,220,675	1,905,869	1,638,315	1,871,463	927,769
Total revenue	73,229,480	75,416,151	78,973,012	83,622,554	85,674,384	90,502,927	98,215,061	100,888,468	106,460,447	109,496,649
Expenditures										
Current										
Instruction	29,900,500	29,542,038	30,053,391	31,138,093	31,754,014	32,776,888	34,278,428	34,604,872	36,192,313	36,942,847
Support services										
Tuition	2,614,988	2,207,411	2,599,310	1,859,110	2,216,158	2,001,073	2,343,344	2,970,957	3,259,428	3,921,875
Attendance/social work	63,922	63,418	61,346	60,957	64,137	70,077	70,813	74,455	141,216	145,520
Health services	581,817	610,623	644,130	636,780	608,676	622,766	631,563	631,680	678,949	781,257
Other support services	4,430,431	4,586,694	4,922,020	5,094,958	5,190,889	5,729,712	6,240,590	6,726,318	6,992,354	7,581,167
Improvement of instruction	710,701	768,984	736,096	832,220	781,444	876,871	992,482	784,410	672,419	907,487
Education media library	872,894	887,674	888,716	895,731	823,061	798,007	678,030	760,251	806,267	669,894
Other support: instructional staff	633,067	620,128	645,905	734,088	737,407	747,862	727,440	540,568	520,952	323,414
General administration services	1,014,515	1,012,292	946,483	857,984	967,010	857,145	993,405	1,058,071	840,278	865,653
School administration services	2,796,121	2,808,740	2,908,717	2,791,770	2,819,903	2,854,122	3,077,554	3,027,607	2,788,518	2,717,190
Central services	820,190	858,155	906,739	919,954	914,781	978,890	982,648	997,539	945,613	957,169
Administrative information technology services	570,112	569,597	640,308	625,179	749,097	760,647	856,844	850,633	938,740	932,375
Required maintenance of plant services	1,294,195	468,246	1,035,271	942,738	894,714	1,139,557	1,568,750	1,455,818	1,934,231	1,559,244
Operation and maintenance of plant services	3,349,202	4,143,277	3,416,857	4,054,086	4,007,990	3,890,594	4,561,326	4,308,712	4,130,678	4,823,111
Care and upkeep of grounds	196,180	222,214	255,715	223,095	222,256	253,504	243,202	227,420	271,580	153,944
Security	280,096	319,620	357,376	409,161	382,106	426,947	415,323	434,152	619,939	557,157
Student transportation	2,689,656	2,866,750	2,933,629	3,109,660	2,706,324	2,706,065	3,672,273	4,072,519	4,656,675	4,953,188
Unallocated benefits and On-behalf TPAF Contributions	15,907,046	17,180,349	19,323,273	21,903,781	22,038,390	24,465,793	28,714,299	29,192,581	30,711,234	31,994,701
Special schools	176,007	173,744	157,722	161,065	187,967	217,928	263,033	182,704	190,613	258,853
Charter Schools				32,757	28,424	31,574	78,168	63,139	107,985	
Capital outlay	5,921,538	2,891,526	12,666,076	6,093,698	4,309,514	730,364	3,339,289	2,889,208	1,352,930	6,711,351
Debt Service:										
Principal	1,490,000	1,725,391	1,911,463	2,224,490	2,331,449	2,444,490	2,280,000	2,632,651	2,737,014	2,841,909
Interest	1,193,751	1,346,458	1,654,154	1,614,291	1,554,668	1,470,112	1,296,275	1,283,054	1,180,040	984,015
Cost of issuance		221,666								133,906
Total expenditures	77,506,929	76,094,995	89,664,697	87,215,646	86,261,955	86,847,838	98,258,485	99,784,348	102,625,120	111,825,212
Excess (Deficiency) of revenues over (under) expenditures	(4,277,449)	(678,844)	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120	3,835,327	(2,328,563)
Other Financing sources (uses)										
Refunding bonds issued										
Bonds issued		15,864,000								13,865,000
Financed purchase proceeds	5,390,000									
Premium on bonds issued		157,806								608,282
Payment to refunded bond escrow agent										(14,499,376)
Transfer from prior bonds										160,000
Transfers in	328,757	41,951	129,495	68,990	20,316	1,750				2,403,060
Transfers out	(328,757)	(41,951)	(129,495)	(68,990)	(20,316)	(1,750)				(2,403,060)
Total other financing sources (uses)	5,390,000	16,021,806	-	-	-	-	-	-	-	133,906
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	1,112,551	15,342,962	(10,691,685)	(3,593,092)	(587,571)	3,655,089	(43,424)	1,104,120	3,835,327	(2,194,657)
Fund balance July 1	5,354,472	6,467,023	21,809,985	11,118,300	7,525,208	7,814,810	11,469,899	11,426,475	12,530,595	16,365,922
Fund balance June 30	\$ 6,467,023	\$ 21,809,985	\$ 11,118,300	\$ 7,525,208	\$ 6,937,637	\$ 11,469,899	\$ 11,426,475	\$ 12,530,595	\$ 16,365,922	\$ 14,171,265
Debt service as a percentage of noncapital expenditures	3.75%	4.20%	4.63%	4.73%	4.74%	4.55%	3.77%	4.04%	3.87%	3.64%

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
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
2024	1,008,540	302,779	168,169	358,633	358,737		199,331	2,396,189
2025	1,109,447	465,340	199,426	87,292	178,629		217,642	2,257,776

Source: District records

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

Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities ^a	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
Borough of Chatham													
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	2,577,388,228	2.137
2022	9,359,900	1,865,478,800	-	-	199,304,700	21,522,500	38,985,400	1,039,181	2,135,690,481	140,274,300	1,995,416,181	2,743,616,406	2.183
2023	9,170,300	2,680,666,600	-	-	268,594,600	34,552,100	108,185,200	1,041,150	3,102,209,950	231,806,300	2,870,403,650	2,897,437,325	1.554
2024	9,450,000	2,687,480,800	-	-	266,823,700	34,522,100	93,802,700	-	3,092,079,300	324,709,800	2,767,369,500	3,160,800,519	1.619
2025	8,502,900	2,694,115,900	-	-	263,271,100	34,512,700	91,543,100	-	3,091,945,700	325,331,400	2,766,614,300	3,444,587,056	*
Township of Chatham													
2016	22,256,100	2,896,911,700	\$ 10,659,500	175,700	120,444,400	1,285,800	51,390,000	1,314,985	3,104,438,185	192,738,700	2,911,699,485	3,435,967,433	1.174
2017	26,831,600	2,933,199,800	10,677,800	172,500	120,530,400	1,285,800	51,680,000	1,290,785	3,145,668,685	192,949,600	2,952,719,085	3,513,441,057	1.196
2018	15,087,200	2,991,085,700	10,827,000	175,700	120,530,400	1,285,800	51,695,000	1,512,738	3,192,199,538	192,949,600	2,999,249,938	3,614,280,471	1.221
2019	23,061,200	3,017,327,800	10,978,300	175,700	120,867,600	1,285,800	51,710,000	1,674,372	3,227,080,772	194,927,000	3,032,153,772	3,579,717,036	1.237
2020	14,495,300	3,059,006,700	11,040,500	175,700	122,377,100	1,285,800	51,710,000	1,688,531	3,261,779,631	196,002,500	3,065,777,131	3,686,534,041	1.250
2021	14,825,700	3,099,479,000	7,767,000	102,000	121,671,700	1,285,800	51,725,000	1,703,470	3,298,559,670	197,001,800	3,101,557,870	3,724,253,675	1.931
2022	16,994,500	3,127,489,200	7,843,000	103,700	120,466,700	1,285,800	51,740,000	1,699,669	3,327,622,569	198,230,300	3,129,392,269	3,792,072,166	1.946
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	199,987,900	3,182,504,797	4,157,929,594	1.956
2024	10,858,500	3,272,120,100	7,942,900	103,700	117,160,500	1,285,800	51,770,000	-	3,461,241,500	199,968,800	3,261,272,700	4,551,490,534	1.989
2025	10,940,500	3,305,232,500	7,942,900	103,700	115,028,200	1,285,800	51,795,000	-	3,492,328,600	205,602,100	3,286,726,500	4,837,785,753	*

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

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							
2016	\$ 1.17	\$ 0.04	\$ 1.20	\$ 0.42	\$ 0.30	\$ 1.93	
2017	1.20	0.05	1.20	0.42	0.31	1.99	
2018	1.24	0.06	1.20	0.42	0.31	2.04	
2019	1.27	0.06	1.20	0.43	0.34	2.10	
2020	1.29	0.06	1.20	0.44	0.33	2.12	
2021	1.30	0.06	1.20	0.46	0.32	2.14	
2022			1.20			2.18	
2023			1.20				
2024							
2025							
Township of Chatham							
2016	\$ 1.13	\$ 0.04	\$ 1.17	\$ 0.30	\$ 0.28	\$ 1.76	
2017	1.15	0.05	1.17	0.30	0.29	1.79	
2018	1.16	0.06	1.17	0.32	0.29	1.83	
2019	1.18	0.06	1.17	0.43	0.34	2.01	
2020	1.19	0.06	1.17	0.35	0.30	1.89	
2021	1.20	0.06	1.17	0.37	0.30	1.93	
2022			1.17			1.95	
2023			1.17				
2024							
2025							

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.

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

Unaudited

	2025			2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Chatham Borough			Chatham Borough		
MHP Chatham Portfolio LLC (USPF Chatham	\$ 30,884,100	1.00%	S/K Chatham Associates	\$ 11,794,800	0.57%
KRE 500 Manila Associates/Seaview, LLC	28,781,000	0.93%	Normandy Chatham, LLC	11,000,000	0.53%
Chatham Project, LLC	17,812,700	0.58%	One Main Street Associates	10,004,500	0.48%
Foresome Group	11,901,200	0.38%	Chatham Project, LLC	9,091,700	0.44%
One Main Street Associates	11,813,000	0.38%	Levin Properties, LP	7,310,000	0.35%
Levin Properties, LP	9,726,500	0.31%	J. Apgar	7,194,500	0.35%
26 Main Street Chatham LLC	9,525,000	0.31%	Foresome Group	6,613,600	0.32%
Town Square Parteners LLC	7,339,800	0.24%	Town Square Parteners LLC	5,742,700	0.28%
Jackson House Apartments LLC	7,200,000	0.23%	Silverman Group	4,530,500	0.22%
Lafayette Associates, LLC	7,000,000	0.23%	Jackson House Apartments LLC	4,127,500	0.20%
Total	<u>\$ 127,783,300</u>	<u>4.59%</u>	Total	<u>\$ 77,409,800</u>	<u>3.73%</u>
Township of Chatham			Township of Chatham		
	2025			2016	
Chatham Holder LLC	\$ 41,785,000	1.20%	**	**	**
Fairmount Country Club	22,108,400	0.63%	**	**	**
Hickory Square Associates LP	19,020,000	0.54%	**	**	**
Texas Eastern Transmission Corp.	14,936,500	0.43%	**	**	**
Transcontinental Gas Pipeline Corp.	10,198,800	0.29%	**	**	**
Chatham Hills, Inc.	10,000,000	0.29%	**	**	**
Juniper Assisted Living Residence	9,666,000	0.28%	**	**	**
Chatham Mall Assoc LLC	6,000,000	0.17%	**	**	**
Chatham Hills Realty LLC-Carerite	5,350,000	0.15%	**	**	**
Fuller, Thomas M & Susan J	5,215,800	0.15%	**	**	**
Total	<u>\$ 144,280,500</u>	<u>4.13%</u>	Total	<u>\$ -</u>	<u>0.00%</u>

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	
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%	-
2024	75,752,614	75,752,614	100.00%	-
2025	74,513,945	74,513,945	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	
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	46,036,145	98.78%	569,186
2023	48,291,276	47,866,177	99.12%	267,098
2024	50,091,846	49,795,851	99.41%	241,954

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	
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	64,106,480	99.45%	356,554
2022	65,337,950	65,013,316	99.50%	324,634
2023	67,229,937	66,918,929	99.54%	311,008
2024	69,310,600	69,025,074	99.59%	277,295

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			
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	3,536,718	38,451,718	0.28%	107,767
2022	32,635,000	3,657,784	36,292,784	**	**
2023	30,260,000	3,290,845	33,550,845	**	**
2024	27,795,000	2,905,330	30,700,330	**	**
2025	24,840,000	2,545,047	27,385,047	**	**

Source: District ACFR Schedules I-1, I-2 and District records.

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

** 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	Leases and Financed Purchases	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2016	\$27,835,000	\$5,390,000	\$254,225	\$32,970,775	1.71%	\$ 91,148
2017	42,414,000	4,949,609	115,184	47,248,425	2.44%	93,633
2018	41,089,000	4,363,146	168,464	45,283,682	2.33%	97,819
2019	39,119,000	4,108,656	178,486	43,049,170	2.20%	101,646
2020	37,075,000	3,821,208	69,306	40,826,902	2.09%	102,227
2021	34,915,000	3,536,718	22,066	38,429,652	1.95%	107,767
2022	32,635,000	3,657,784	1,750	36,291,034	1.82%	111,597
2023	30,260,000	3,290,845		33,550,845	1.17%	**
2024	27,795,000	2,905,330		30,700,330	1.11%	**
2025	24,840,000	2,545,047	94,286	27,290,761	0.99%	**

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, 2025

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated</u>	<u>Estimated</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 of the Chathams			<u>\$ 24,840,000</u>
Total direct and overlapping debt			<u><u>\$ 24,840,000</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 2025

	Chatham Borough	Chatham Township	Equalized Valuation Basis Total
2024	\$ 3,437,204,647	\$ 4,792,635,696	\$ 8,229,840,343
2023	3,163,864,151	4,443,871,977	7,607,736,128
2022	2,875,548,452	4,086,904,522	6,962,452,974
	<u>\$ 9,476,617,250</u>	<u>\$ 13,323,412,195</u>	<u>\$ 22,800,029,445</u>
Average equalized valuation of taxable property			<u>\$ 7,600,009,815</u>
Debt limit (4% of average equalization value)			\$ 304,000,393 ^a
Total Net Debt Applicable to Limit			24,840,000
Legal debt margin			<u>\$ 279,160,393</u>

Year ended June 30:										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 228,700,926	\$ 233,870,400	\$ 236,442,812	\$ 241,533,977	\$ 249,965,920	\$ 249,606,396	\$ 168,296,398	\$ 262,430,937	\$ 284,044,621	\$ 304,000,393
Total net debt applicable to limit	<u>32,970,775</u>	<u>47,248,425</u>	<u>45,283,682</u>	<u>37,769,000</u>	<u>40,826,902</u>	<u>38,429,652</u>	<u>32,635,000</u>	<u>30,260,000</u>	<u>27,795,000</u>	<u>24,840,000</u>
Legal debt margin	<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>\$ 135,661,398</u>	<u>\$ 232,170,937</u>	<u>\$ 256,249,621</u>	<u>\$ 279,160,393</u>
Total net debt applicable to the limit as a percentage of debt limit	14.42%	20.20%	19.15%	15.64%	16.33%	15.40%	19.39%	11.53%	9.79%	8.17%

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

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

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

Unaudited

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
Borough of Chatham				
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	1,029,593,922	111,597	2.20%
2023	9,275	**	**	3.10%
2024	10,062	**	**	2.80%
2025	**	**	**	**
Township of Chatham				
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	1,223,326,314	111,597	2.40%
2023	11,127	**	**	3.00%
2024	11,284	**	**	3.40%
2025	**	**	**	**

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

	2025		2016	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
TOWNSHIP OF CHATHAM	55	*	*	*
BOROUGH OF CHATHAM	54	*	114	*

* This information not available for the District.

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

Unaudited

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	299.90	302.40	315.50	322.41	333.00	330.70	340.70	335.50	332.50	331.50
Special Education	133.90	135.40	141.20	144.29	149.03	148.00	153.00	155.00	157.00	159.00
Support Services										
Student & instruction related services	30.40	31.40	32.80	33.52	34.62	34.40	38.40	38.40	38.40	38.40
General administrative services	5.00	6.00	6.10	6.23	6.43	6.40	6.40	6.20	6.20	6.00
School administrative services	35.70	35.70	37.20	38.01	39.26	39.00	40.00	38.00	38.00	38.00
Business administrative services	8.00	8.00	8.40	8.58	8.86	8.80	9.00	9.00	9.00	9.00
Plant operation & maintenance	45.00	45.00	47.20	48.23	49.80	49.50	49.00	49.00	50.00	51.00
Pupil transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>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>632.10</u>	<u>632.10</u>	<u>633.90</u>

Source: District Personnel Records
and budget support document.

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

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	4 Elementary Schools	1 Middle School	1 High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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	13.3:1	3,549	3,385	-5.71%	95.38%
2024	3,552	97,355,136	27,409	30.04%	365.00	17.1:2	12.5:2	13.5:2	3,456	3,305	-2.62%	95.63%
2025	3,565	101,154,031	28,374	18.60%	369.00	16.5:3	12.5:1	13.4:2	3,468	3,303	0.35%	95.24%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>Elementary</u>										
Milton Avenue School (1948)										
Square Feet	42,050	42,050	42,050	42,184	42,184	42,184	42,184	42,184	42,184	42,184
Capacity (students)	336	336	336	477	477	477	477	477	477	477
Enrollment	356	356	291	274	282	284	295	282	307	302
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	464	464	499	468	434	414	379	372	391	373
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	428	397	377	349	328	314	299	296	300	292
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	652	691	696	679	659	592	575	545	500	556
<u>Middle School</u>										
Chatham Middle School (1957)										
Square Feet	191,720	191,720	178,170	178,170	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	1,054	1,086	1,037	1,036	995	984	920	875	845	837
<u>High School</u>										
Chatham High School (1962)										
Square Feet	237,730	243,790	237,730	243,790	243,790	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	1,198	1,239	1,272	1,310	1,341	1,312	1,262	1,233	1,209	1,205
						3,900	3,730	3,603	3,552	3,565
Number of Schools at June 30, 2025										
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 High School	Chatham Middle School	Lafayette Avenue School	Washington Avenue School	Southern Blvd School	Milton Avenue School	Total
2016	\$ 457,768	\$ 359,995	\$ 136,491	\$ 116,606	\$ 144,377	\$ 78,958	\$ 1,294,195
2017	389,178	306,054	116,039	67,127	122,744	99,134	1,100,276
2018	366,184	287,972	109,184	93,277	115,492	63,161	1,035,270
2019	469,073	342,813	139,861	119,485	147,942	81,165	1,300,339
2020	461,365	337,181	137,564	117,522	145,512	79,832	1,278,976
2021	542,108	396,191	161,639	138,090	170,978	93,803	1,502,809
2022	565,895	413,575	168,731	144,149	178,480	97,919	1,568,749
2023	647,564	473,262	193,082	164,952	204,238	112,051	1,795,149
2024	697,735	509,929	208,041	177,732	220,062	120,732	1,934,231
2025	689,248	503,727	205,511	175,570	217,386	119,264	1,910,706
Grand Total School Facilities	\$ 8,777,265	\$ 6,209,879	\$ 2,695,160	\$ 2,000,475	\$ 2,627,671	\$ 1,741,563	\$ 24,052,013

* 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, 2025

Unaudited

	Coverage	Deductible
School Commercial Package Policy - Utica		
Property - Blanket, building and contents	\$233,409,546	\$2,500
Property - Equipment Breakdown	\$233,409,546	\$2,500
Business Income	Actual Loss Sustained	
Commercial General Liability	\$4,000,000	(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)
Commercial Automotive Liability - Utica	\$5,000,000	\$1,000
Cyber Liability - Houston Casualty	\$10,000,000	(aggregate) \$10,000
Environmental Liability - Beazley		
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	\$1,000,000	\$500
Forgery / Fraud	\$100,000	\$500
Computer Fraud	\$100,000	\$500
Inside the Premises - Theft of Money & Securities	\$25,000	\$500
Outside the Premises - Theft of Money & Securities	\$25,000	\$500
School District and Educators Legal Liability - Utica	\$1,000,000	
	\$3,000,000	(aggregate) \$7,500
CAP	\$25,000,000	
Excess Liability - NJUEP	\$20,000,000	
Student Accident- Bollinger & Zurich		
Maximum Benefit	\$6,000,000	per occurrence \$500,000
Public Officials Bonds		
Treasurer of School Monies - Selective Insurance	\$371,000	
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, 2025, 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 5, 2025.

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

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

**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 5, 2025

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, 2025. 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, 2025.

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.

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 state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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**

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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 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.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 5, 2025

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, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance July 1, 2024	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2025			Amounts Provided to Subrecipients
					From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
Special Revenue Fund:														
U.S. Department of Education Passed -														
Through State Department of Education:														
E.S.E.A. Title II A	84.367A	S367A230029	N/A	\$ 49,721	7/1/2023	9/30/2024	\$ (47,121)	\$ 47,121						
E.S.E.A. Title II A	84.367A	S367A240029	N/A	37,123	7/1/2024	9/30/2025		19,781	\$ 32,531		\$ (12,750)			
Subtotal of E.S.E.A. Title II A							(47,121)	66,902	32,531		(12,750)			
E.S.E.A. Title III A	84.365A	S365A240030	N/A	4,887	7/1/2024	9/30/2025		4,981	5,018		(37)			
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	30						\$ 30	
COVID-19 CRRSA Act - Learning Acceleration	84.425D	S425D210027	N/A	25,000	3/13/2020	9/30/2023	288						288	
COVID-19 CRRSA Act - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	675						675	
COVID-19 American Rescue Plan - ESSER III - Non-Title I	84.425U	S425U210027	N/A	802,418	3/13/2020	9/30/2024	(72,703)	72,703						
COVID-19 American Rescue Plan - ESSER III - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	N/A	301,869	3/13/2020	9/30/2024	(8,270)	9,445					1,175	
COVID-19 American Rescue Plan - ESSER III - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024	(2,843)	2,843						
COVID-19 American Rescue Plan - ESSER III - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2024	133						133	
Total Education Stabilization Fund							(82,690)	84,991					2,301	
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	H027A230100	N/A	959,532	7/1/2023	9/30/2024	(43,636)	43,636						
I.D.E.A. Part B, Basic	84.027	H027A240100	N/A	847,971	7/1/2024	9/30/2025		857,367	869,900		(12,533)			
I.D.E.A. Preschool	84.173	H173A240114	N/A	26,586	7/1/2024	9/30/2025		11,936	20,320		(8,384)			
Subtotal of Special Education Cluster							(43,636)	912,939	890,220		(20,917)			
Subtotal of US Department of Education Passed -														
through State Department of Education:														
							(173,447)	1,069,813	927,769		(33,704)		2,301	
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	233,571	3/1/2023	12/31/2026	(117,623)	117,623						
Total U.S. Department of the Treasury Passed -														
Through State Department of Treasury:														
							(117,623)	117,623						
Total Special Revenue Fund														
							(291,070)	1,187,436	927,769	-	(33,704)	-	2,301	-
Total expenditures of Federal Awards														
							\$ (291,070)	\$ 1,187,436	\$ 927,769	\$ -	\$ (33,704)	\$ -	\$ 2,301	\$ -

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 CHATHAMSSchedule of Expenditures of State Financial Assistance
Year Ended June 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period		Award Amount	Balance July 1, 2024	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2025			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	25-495-034-5120-089	7/1/2024	6/30/2025	\$ 3,910,241		\$ 3,530,497	\$ (3,910,241)					\$ (379,744)	\$ (3,910,241)
Categorical Special Education Aid	24-495-034-5120-089	7/1/2023	6/30/2024	3,772,807	\$ (365,803)	365,803							
Transportation Aid	25-495-034-5120-014	7/1/2024	6/30/2025	921,324		831,849	(921,324)					(89,475)	(921,324)
Transportation Aid	24-495-034-5120-014	7/1/2023	6/30/2024	723,961	(70,193)	70,193							
Security Aid	25-495-034-5120-084	7/1/2024	6/30/2025	325,345		293,749	(325,345)					(31,596)	(325,345)
Security Aid	24-495-034-5120-084	7/1/2023	6/30/2024	283,994	(27,535)	27,535							
Extraordinary Aid	25-495-034-5120-044	7/1/2024	6/30/2025	1,886,986			(1,886,986)		\$ (1,886,986)				(1,886,986)
Extraordinary Aid	24-100-034-5120-044	7/1/2023	6/30/2024	1,791,228	(1,791,228)	1,791,228							
Non-Public School Transportation Aid	25-495-034-5120-014	7/1/2024	6/30/2025	162,976			(162,976)			(162,976)			(162,976)
Non-Public School Transportation Aid	24-495-034-5120-014	7/1/2023	6/30/2024	137,595	(137,595)	137,595							
On-Behalf Teachers' Pension and Annuity Fund	25-495-034-5094-002	7/1/2024	6/30/2025	12,220,574		12,220,574	(12,220,574)						(12,220,574)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	25-495-034-5094-001	7/1/2024	6/30/2025	3,570,861		3,570,861	(3,570,861)						(3,570,861)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	25-495-034-5094-004	7/1/2024	6/30/2025	5,671		5,671	(5,671)						(5,671)
Reimbursed TPAF Social Security Contribution	25-495-034-5094-003	7/1/2024	6/30/2025	2,603,894		2,475,889	(2,603,894)		(128,005)				(2,603,894)
Reimbursed TPAF Social Security Contribution	24-495-034-5094-003	7/1/2023	6/30/2024	2,506,132	(124,489)	124,489							
Menstrual Product Reimbursement	25-495-034-5120-168	7/1/2024	6/30/2025	4,997			(4,997)		(4,997)				(4,997)
Total State Department of Education					(2,516,843)	25,445,933	(25,612,869)		(2,182,964)			(500,815)	(25,612,869)
Total General Fund					(2,516,843)	25,445,933	(25,612,869)		(2,182,964)			(500,815)	(25,612,869)
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbook Aid	24-100-034-5120-064	7/1/2023	6/30/2024	18,730	149			\$ 149					
Textbook Aid	25-100-034-5120-064	7/1/2024	6/30/2025	15,086		15,086	(15,040)				\$ 46		(15,040)
Auxiliary Services:													
Compensatory Education	24-100-034-5120-067	7/1/2023	6/30/2024	4,512	3,247			3,247					
Compensatory Education	25-100-034-5120-067	7/1/2024	6/30/2025	3,468		3,468	(1,647)				1,821		(1,647)
English as a Second Language	25-100-034-5120-067	7/1/2024	6/30/2025	883		883					883		
Handicapped Services:													
Examination and Classification	24-100-034-5120-066	7/1/2023	6/30/2024	30,719	2,660			2,660					
Examination and Classification	25-100-034-5120-066	7/1/2024	6/30/2025	37,163		37,163	(23,142)				14,021		(23,142)
Corrective Speech	24-100-034-5120-066	7/1/2023	6/30/2024	11,067	2,232			2,232					
Corrective Speech	25-100-034-5120-066	7/1/2024	6/30/2025	16,647		16,647	(13,857)				2,790		(13,857)
Supplementary Instruction	24-100-034-5120-066	7/1/2023	6/30/2024	27,258	7,021			7,021					
Supplementary Instruction	25-100-034-5120-066	7/1/2024	6/30/2025	29,736		29,736	(20,898)				8,838		(20,898)
Home Instruction	24-100-034-5120-066	7/1/2023	6/30/2024	1,635	(1,635)	1,635							
Home Instruction	25-100-034-5120-066	7/1/2024	6/30/2025	2,001			(2,001)		(2,001)				(2,001)
Security Aid	24-100-034-5120-509	7/1/2023	6/30/2024	66,420	3,267			3,267					
Security Aid	25-100-034-5120-509	7/1/2024	6/30/2025	60,475		60,475	(60,415)				60		(60,415)
Technology Aid	24-100-034-5120-373	7/1/2023	6/30/2024	15,876	259			259					
Technology Aid	25-100-034-5120-373	7/1/2024	6/30/2025	14,455		14,455	(14,276)				179		(14,276)
Nursing Services	24-100-034-5120-070	7/1/2023	6/30/2024	38,880	2,656			2,656					
Nursing Services	25-100-034-5120-070	7/1/2024	6/30/2025	38,350		38,350	(38,350)						(38,350)
Total Nonpublic Aid					19,856	217,898	(189,626)	21,491	(2,001)		28,638		(189,626)
Total Special Revenue Fund					19,856	217,898	(189,626)	21,491	(2,001)		28,638		(189,626)
Capital Projects Fund:													
New Jersey Schools Development Authority													
CMS ROOF	(05)-27-0785-030-23-R503	12/14/23	Completion	34,440			(34,440)		(34,440)			(34,440)	(34,440)
SBS ROOF	(05)-27-0785-080-23-R503	12/14/23	Completion	281,934			(281,934)		(281,934)			(281,934)	(281,934)
CHS HVAC	(02)-27-0785-010-23-R502	12/14/23	Completion	337,440			(337,440)		(337,440)			(337,440)	(337,440)
CMS HVAC	(02)-27-0785-030-23-R501	12/14/23	Completion	474,040			(474,040)		(474,040)			(474,040)	(474,040)
LAF HVAC	(02)-27-0785-050-R503	12/14/23	Completion	255,800			(255,800)		(255,800)			(255,800)	(255,800)
Total Capital Projects Fund							(1,383,654)		(1,383,654)			(1,383,654)	(1,383,654)
Debt Service Fund:													
Debt Service Aid	24-495-034-5120-075	7/1/2024	6/30/2025	225,630		225,630	(225,630)						(225,630)
Total Debt Service Fund						225,630	(225,630)						(225,630)
Total All Funds / Total Expenditures of State Financial Assistance													
					\$ (2,496,987)	\$ 25,889,461	\$ (27,411,779)	\$ 21,491	\$ (3,568,619)	\$ -	\$ 28,638	\$ (1,884,469)	\$ (27,411,779)
State Financial Assistance Not Subject to Single Audit Determination:													
On-Behalf Teachers' Pension and Annuity Fund	25-495-034-5094-002	7/1/2024	6/30/2025	12,220,574		12,220,574	(12,220,574)						(12,220,574)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	25-495-034-5094-001	7/1/2024	6/30/2025	3,570,861		3,570,861	(3,570,861)						(3,570,861)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	25-495-034-5094-004	7/1/2024	6/30/2025	5,671		5,671	(5,671)						(5,671)
Total State Financial Assistance Subject to Single Audit Determination													
					\$ (2,496,987)	\$ 10,092,355	\$ (11,614,673)	\$ 21,491	\$ (3,568,619)	\$ -	\$ 28,638	\$ (1,884,469)	\$ (11,614,673)

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, 2025

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, 2025. 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, 2025

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 \$37,284 for the general fund, \$23,695 for the special revenue fund, and \$204,586 for the capital projects fund. The net adjustment to See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund, special revenue fund, debt service fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		\$ 25,575,585	\$ 25,575,585
Special Revenue Fund	\$ 927,769	278,790	1,206,559
Capital Projects Fund		1,383,654	1,383,654
Debt Service Fund		225,630	225,630
Total financial award revenues	<u>\$ 927,769</u>	<u>\$27,463,659</u>	<u>\$ 28,391,428</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, 2025

5. Other

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, 2025. The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2025 amounted to \$15,797,106. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however, they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

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

School District of the Chathams

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

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:

Federal Assistance Listing Number	FAIN Number	Name of Federal Program or Cluster
84.027,84.173	H027A240100/ H173A240114	IDEA Part B, Basic and Preschool (Special Education Cluster)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ Yes

No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2025

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
495-034-5220-044	Extraordinary Aid
495-034-5120-014	Transportation Aid
Not Available	New Jersey Schools Development Authority – ROD Grants
495-034-5120-089	General State Aid Cluster:
100-034-5120-494	Special Education Categorical Aid
495-034-5120-084	Equalization Aid
	Security Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ Yes _____ No

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2025

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, 2025

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section .516(a) and New Jersey State OMB Circular 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Financial Assistance Programs

Compliance Finding and Questioned Costs

Extraordinary Aid

Finding 2025-001 (ACFR Finding 2025-001):

Criteria: In accordance with the School Funding Reform Act of 2008, Extraordinary aid is available to school districts with students that have high educational costs. To receive extraordinary aid, the District is required to submit an application listing the students that have high educational costs and have an individualized education program (IEP) that requires the provision of intensive services. Extraordinary aid is awarded by the State of New Jersey to reimburse school districts for excessive special education costs to fulfill the needs of special education students. The amount of Extraordinary aid is based on the placement of the student and the type of eligible costs prorated by the current year Extraordinary aid rate. Eligible school districts are those where the cost of providing education for an individual student with a disability, who is provided with at least one intensive service, exceeds the following maximum thresholds:

- If a special education student is educated in an in-district public school program with non-disabled peers, the district will receive aid based on 90% of the costs in excess of \$40,000;

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2025

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

- If a special education student is educated in a separate public school program for students with disabilities, the district will receive aid based on 75% of the costs in excess of \$40,000;
- Lastly, if a special education student is educated in a separate private school for students with disabilities the district will receive aid based on 75% of the costs in excess of \$55,000.

Eligible cost is calculated in the following two ways:

Actual costs for each class prorated by the number of students in each class;

- Using the certified tuition rates for the most recently completed year. If those certified tuition rates do not reasonably reflect the costs in the current year due to a significant difference in costs or number of students, the District may use the budgeted tuition rates from the current school year.

Statement of Condition: During our test of the District's 2024-2025 Extraordinary Aid application, salary amounts reported for Category 1 students did not always agree with supporting documentation. Specifically, for a sample of Category 1 students tested, formulas were not used to allocate salaries, but rather the same dollar amount was used for several students, resulting in an overclaim. In several cases, the amount of staff time charged to Extraordinary Aid exceeded time documented through student schedules.

Cause and Effect: The variance occurred mainly due to a data entry error which was repeated across several students when completing the Extraordinary Aid application. The District did not perform a reconciliation of the claimed salary amounts to actual payroll distribution data before submission. Without a reconciliation being performed, the District can overclaim costs or make claims for ineligible costs.

Questioned Costs: Questioned costs were noted upon conclusion of the review of salary documentation provided to support costs claimed on the sampled Category 1 students. In total, there was a difference of \$85,888 between the costs claimed on the application and the documentation provided. When the difference is prorated by the current year Extraordinary Aid application rate it amounts to \$44,387 actual questioned costs. When the actual questioned costs are extrapolated to the entire

School District of the Chathams

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2025

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

population of Category 1 students, the extrapolated questioned costs amount to \$65,499.

Recommendation: We suggest the District enhance its procedures over the review process of the Extraordinary Aid application that relates to salary-related costs included on the application.

Views of Responsible Officials: District management concurs with the auditors' finding. The inaccuracies in costs claimed were mainly due to one data entry error that was repeated across multiple students' entries. Management agrees that proper documentation is required to substantiate costs charged to state programs and has implemented a procedure to ensure the calculation is revised in its 2025 submission.