

# School District of the Chathams

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

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2011*



# **School District of the Chathams**

## **Chatham, New Jersey**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2011**

**Prepared by**

**Business Office**



## Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants, Independent Auditor and Advisors	9
Certificate of Excellence in Financial Reporting	10
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	11
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	13
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Assets	23
A-2 Statement of Activities	24
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Assets	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	31
B-8 Statement of Changes in Fiduciary Net Assets	32
Notes to the Basic Financial Statements	33

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule-General Fund-Budgetary Basis	60
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not applicable	N/A
C-1b Education Jobs Fund Program - Budget and Actual – Not applicable	N/A
C-2 Budgetary Comparison Schedule-Special Revenue Fund – Budgetary Basis	65
C-3 Note to Required Supplementary Information – Budget to GAAP Reconciliation	66
<b>Other Supplementary Information</b>	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	67
E-2 Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not applicable	N/A
Capital Projects Fund:	
F-1 – Summary Schedule of Project Revenues, Expenditures, Project F-1f Balances and Project Status-Budgetary Basis	70
F-2 Summary Schedule of Project Expenditures	77
Enterprise Funds:	
G-1 Statement of Net Assets-Not applicable	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets-Not applicable	N/A
G-3 Statement of Cash Flows-Not applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets – Not applicable	N/A
H-2 Combining Statement of Changes in Fiduciary Net Assets – Not applicable	N/A
H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	78
H-4 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund	79

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
Long-Term Debt:	
I-1	Schedule of Serial Bonds Payable 80
I-2	Schedule of Obligations Under Capital Leases 81
I-3	Budgetary Comparison Schedule – Debt Service Fund 82
<b>STATISTICAL SECTION (Unaudited)</b>	
<b>Financial Trends Information/Schedules</b>	
J-1	Net Assets by Component 83
J-2	Changes in Net Assets 84
J-3	Fund Balances, Governmental Funds 86
J-4	Changes in Fund Balances – Governmental Funds 87
J-5	General Fund - Other Local Revenue by Source 88
<b>Revenue Capacity Information</b>	
J-6	Assessed Value and Actual Value of Taxable Property 89
J-7	Property Tax Rates – Direct and Overlapping Governments 90
J-8	Principal Property Taxpayers 91
J-9	Property Tax Levies and Collections 92
<b>Debt Capacity Information</b>	
J-10	Ratios of Outstanding Debt by Type 93
J-11	Ratios of Net General Bonded Debt Outstanding 94
J-12	Direct and Overlapping Governmental Activities Debt 95
J-13	Legal Debt Margin Information 96
<b>Demographic and Economic Information</b>	
J-14	Demographic and Economic Statistics 97
J-15	Principal Employers 98
<b>Operating Information</b>	
J-16	Full-Time Equivalent District Employees by Function/Program 99
J-17	Operating Statistics 100
J-18	School Building Information 101
J-19	Schedule of Required Maintenance for School Facilities 102
J-20	Insurance Schedule 103

## Table of Contents (continued)

	<u>Page</u>
<b>SINGLE AUDIT SECTION</b>	
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
K-2 Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	106
K-3 Schedule A – Schedule of Expenditures of Federal Awards	108
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance	109
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	110
K-6 Schedule of Findings and Questioned Costs	113
K-7 Summary Schedule of Prior Year Audit Findings	117

Note: The schedules denoted with N/A are not applicable in the current year. However, the New Jersey Department of Education requires the District to reference all schedules included in its sample Comprehensive Annual Financial Report.





## School District of the Chathams

58 Meyersville Road  
Chatham, NJ 07928  
973-457-2526  
973-457-2483 FAX

Peter Daquila  
Business Administrator/  
Board Secretary

November 22, 2011

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

Dear Board Members and Constituents:

The comprehensive annual financial report of the School District of the Chathams (the "District") as of and for the year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and 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 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 comprehensive annual financial report 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, the certificate of excellence in financial reporting, and a roster of officials. The financial section includes the Independent Auditors' Report, Management's discussion and analysis (immediately following the Independent Auditor's Report), the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJ OMB 04-04, *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 agreements 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") as established by GASB Statement No. 14. 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 K through 12. These services include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010/2011 fiscal year with an average daily enrollment of 3,976 students, which is an increase of 81 students from the previous year's average daily enrollment. The following details the changes in average daily enrollment over the past five years:

<u>Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	3,976	2.1%
2009-2010	3,895	5.2%
2008-2009	3,704	3.6%
2007-2008	3,574	3.6%
2006-2007	3,450	2.2%

2) ECONOMIC CONDITION AND OUTLOOK: 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. Due to its proximity to New York, Newark and Morristown, Chatham Borough will continue to have high property values. Chatham Borough has experienced a slowdown in growth of residential property values due to their already high value. At the same time, commercial property values have remained relatively constant.

Chatham Township is a stable, affluent, suburban municipality. Its predominately residential property tax base (90%) makes it virtually immune to individual corporate activities. A large percentage of the community's land area is wooded county park land and federal wildlife refuge. These undeveloped tracts give the community a distinctively natural, rural character, which both protect it from the higher density development more characteristic of surrounding communities and help maintain its residential property values.

The District has an approximate \$5,022,420,000 tax base, which has grown over 100% since 2000; however, both municipalities conducted a revaluation program in 2004 which affected this comparison. The tax rate is expected to continue to grow as a result of market appreciation (assessed valuation has grown about 0.5% annually). 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 NARRATIVE

The School District of the Chathams offers a superior curricular and instructional program to its students. Our curriculum aligns with the New Jersey Core Curriculum Content Standards in all nine areas, and over the past year we have invested in program improvements to ensure that our students master the skills and content outlined in the New Jersey Core Curriculum Content Standards and the Common Core Standards. Below is a summary of said investments in the various subject areas.

#### Math

This budget includes funding for our math materials at all levels of instruction. Given the adoption of the Common Core in Mathematics, it also calls for professional development at all levels, curriculum revision at the K-2 levels, and curriculum revision/analysis at the Algebra I level of study.

#### English Language Arts

Similar to circumstances in mathematics, the adoption of the Common Core in English Language Arts has forced us to re-examine our current program and make appropriate adjustments. There is funding in the budget for materials at all levels of instruction, especially K-5, professional development in the Writing Workshop, and curricular revisions at the 6-8 level.

#### Social Studies

Consistent with the new standards, we are working toward incorporating the E.L.A. Common Core in the social studies classroom. The budget funds curriculum development in this area at the K-4 level and also enables us to introduce A.P. World History at the 11-12 level.

#### Science

This budget includes funding for all materials and textbook purchases in our science program K-12. Two areas of focus will be in the revision of our Earth Science courses to reflect changes in the new standards, as well as a partnership with Rutgers University to allow high school students to dual-enroll and earn Rutgers credits through an Earth Systems course.

#### Comprehensive Health and Physical Education

This budget supports materials in all of our Health and P.E. courses K-12. It also enables us to revise our 9-12 Health curricula to better reflect the 2009 standards.

#### Visual and Performing Arts

This budget continues to support the delivery of art and music instruction at all levels.

#### Technology

This budget includes all lease and other purchasing agreements that support the delivery of 21<sup>st</sup> century content and methodology. Additionally, as Technology is a standards area intended to be incorporated in all other standards areas, this budget enables all of our curricular revisions to include Technology as a focus.

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 generally accepted accounting principles (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 voters of both municipalities. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. 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 reservations of fund balance at June 30, 2011.

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 are explained in "Notes to the Basic Financial Statements," Note 1.

7) DEBT ADMINISTRATION: Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2011, the District's outstanding debt issues are below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to our outstanding securities.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in Notes to the Basic Financial Statements Note 3. The District has adopted a cash management plan which 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in this CAFR.

10) OTHER INFORMATION:

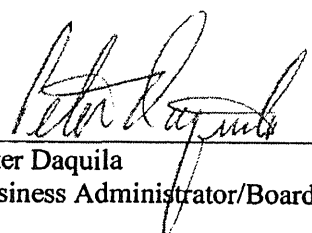
A. *Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP has been selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133 and State Treasury Circular Letter NJ OMB 04-04. The auditor's report on the basic financial statements and specific required 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.

B. *Awards* - The Association of School Business Officials (ASBO) awarded the Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the fourth year that the District applied for and received this prestigious award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

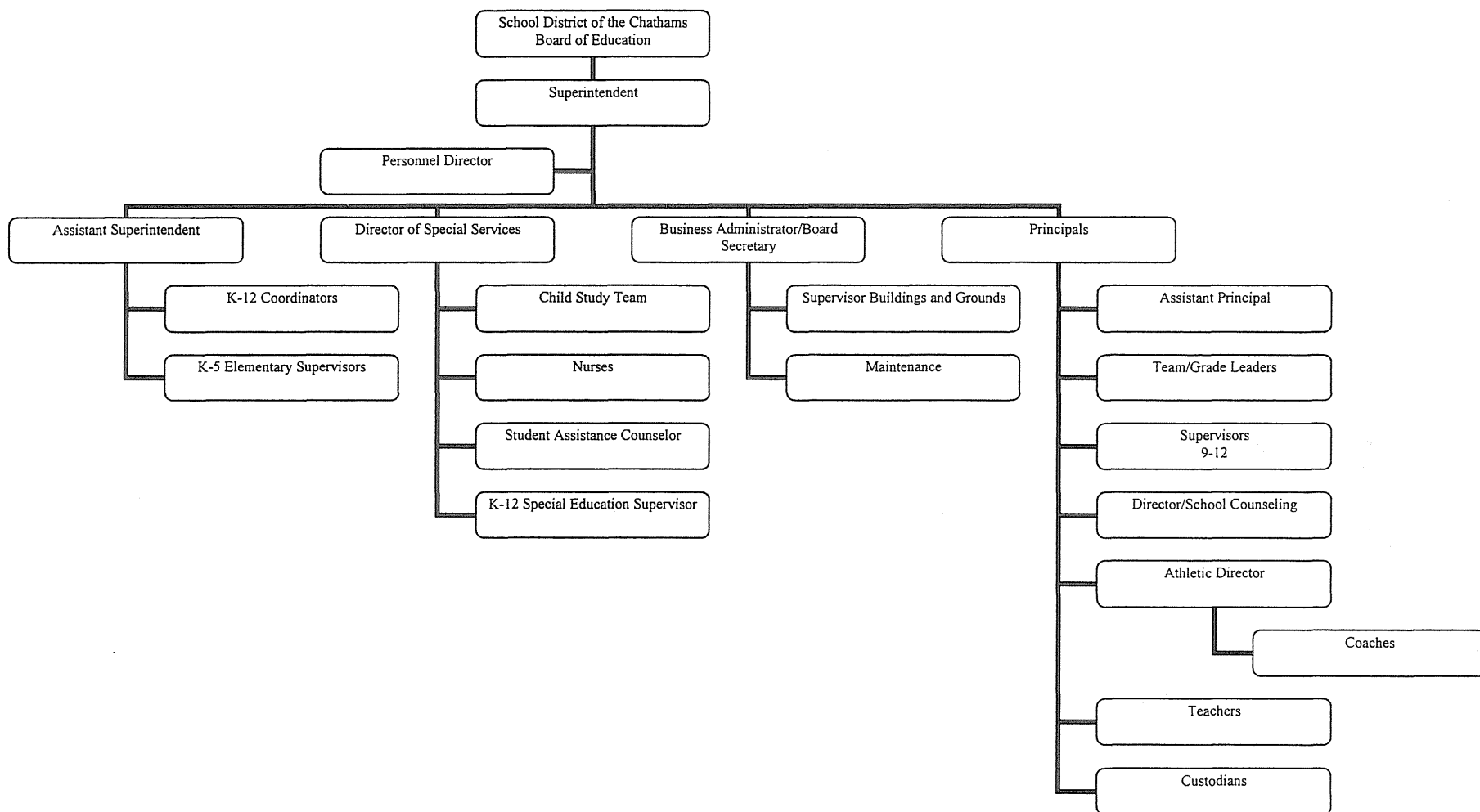
The Certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Program's requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2010/2011 certificate.

11) 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.

Respectfully submitted,

  
\_\_\_\_\_  
Dennis Eyffe  
Interim Superintendent  
\_\_\_\_\_  
Peter Daquila  
Business Administrator/Board Secretary

School District of the Chathams  
Organizational Chart  
June 30, 2011



K-5 Elementary Supervisors  
Math  
English

9-12 Supervisors  
English  
Mathematics  
Science  
Social Studies  
World Language

K-12 Supervisors  
Technology  
Arts (Music, Art, Theater)

School District of the Chathams  
Chatham, New Jersey

Roster of Officials

June 30, 2011

Members of the Board of Education

Expires

Tom Belding, President	2012
Richard Connors, Vice President	2014
Steve Barna	2013
Al Burgunder	2012
Kim Cronin	2014
Matthew Gilfillan	2013
Lata Kenney	2012
John Nonnenmacher	2013
Jill Critchley Weber	2014

Other Officers

James F. O'Neill, Superintendent of Schools (through 6/30/2011)

Dennis Fyffe, Interim Superintendent of Schools (effective 7/1/2011)

Peter Daquila, RSBA, Business Administrator/Board Secretary (effective 7/1/2011)

Charles Milewski, RSBA, Interim Business Administrator/Board Secretary (effective 8/17/2010 through 4/30/2011)

Annette M. Wells, Treasurer of School Monies

Kristin Kosky, Assistant Business Administrator/Assistant Board Secretary (acting Board Secretary from 7/1/2010 through 8/16/2010 and 5/1/2011 through 6/30/2011),



School District of the Chathams  
Chatham, New Jersey

Consultants, Independent Auditor and Advisors

June 30, 2011

**Architects**

DiCaro/Rubino  
30 Galesi Drive, West Wing  
Wayne, NJ 07470

Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

**Independent Auditor**

Wiss & Company, LLP  
485C Route One South  
Suite 250  
Iselin, NJ 08830

**Attorney**

Adams, Stern, Gutierrez & Lattiboudere, LLC  
1037 Raymond Boulevard – Suite 710  
Newark, NJ 07102

**Official Depositories**

PNC Bank  
82 Floral Avenue  
New Providence, NJ 07974

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**SCHOOL DISTRICT OF THE CHATHAMS**

**For its Comprehensive Annual Financial Report (CAFR)**

**For the Fiscal Year Ended June 30, 2010**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the School District of the Chathams in the County of Morris, State of New Jersey (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

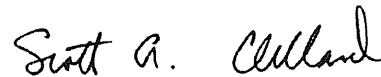
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

November 22, 2011  
Iselin, New Jersey

Required Supplementary Information - Part I



## Management's Discussion and Analysis





**Board of Education**  
**School District of the Chathams**  
**Management's Discussion and Analysis**

Year Ended June 30, 2011  
(Unaudited)

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, 2011. 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 other supplementary 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 assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 23-24 of this report.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-27 of this report.

**Proprietary funds.** The District maintains one proprietary fund type, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses its enterprise funds to account for the operations of its food service program and its cougar cubs program, which are considered to be major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, health benefits, unemployment compensation claims and payroll related liabilities. The fiduciary fund financial statements can be found on pages 31-32 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-59 of this report.

**Other information.** The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 60-82 of this report.

## Financial Highlights

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$35,753,728 at the close of 2011. The following table provides a summary of net assets at June 30, 2011 and 2010 relating to the District's governmental and business-type activities:

Key financial Highlights for the 2010-2011 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2011.
- The State decreased the approved state aid to the District for 2010-2011 by approximately \$2.45 million from the final amount awarded to the District in 2009/2010.

	Government Activities		Business-Type Activities		Total School District	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Current and other assets	\$ 7,124,858	\$ 6,211,226	\$ 124,072	\$ 403,321	\$ 7,248,930	\$ 6,614,547
Capital Assets, net	68,023,807	69,170,112	278,994	301,124	68,302,801	69,471,236
Total Assets	<u>75,148,665</u>	<u>75,381,338</u>	<u>403,066</u>	<u>704,445</u>	<u>75,551,731</u>	<u>76,085,783</u>
Current and other liabilities	2,480,089	2,405,367	123,521	396,022	2,603,610	2,801,389
Long-term liabilities outstanding	37,124,802	38,179,403	69,591	104,755	37,194,393	38,284,158
Total Liabilities	<u>39,604,891</u>	<u>40,584,770</u>	<u>193,112</u>	<u>500,777</u>	<u>39,798,003</u>	<u>41,085,547</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	31,969,490	32,032,424	174,608	161,450	32,144,098	32,193,874
Restricted	4,705,913	2,333,377			4,705,913	2,333,377
Unrestricted (deficit)	<u>(1,131,629)</u>	<u>430,767</u>	<u>35,346</u>	<u>42,218</u>	<u>(1,096,283)</u>	<u>472,985</u>
Total Net Assets	<u>\$ 35,543,774</u>	<u>\$ 34,796,568</u>	<u>\$ 209,954</u>	<u>\$ 203,668</u>	<u>\$ 35,753,728</u>	<u>\$ 35,000,236</u>

The largest portion of the District's net assets is its 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 obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

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

The total net assets of the District increased \$753,492 during the current fiscal year.

Restricted net assets increased mainly due to the change in funds restricted for capital reserve, which resulted from the net effect of the Board approval to transfer unexpended appropriations into the capital reserve fund, partially offset by the use of capital reserve funds to fund the local share of capital projects.

Unrestricted net assets decreased mainly due to the transferring of unexpended, unrestricted fund to restricted funds for capital reserve as well as the debt associated with the District purchase of non-capitalizable assets through leases.

**District Activities.** The key elements of the District's changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

	Governmental Activities		Business-Type Activities		Total School District	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Revenues:						
Program Revenues:						
Charges for Services	\$ 163,237	\$ 100,654	\$ 934,688	\$ 860,216	\$ 1,097,925	\$ 960,870
Operating Grants and Contributions	1,596,703	1,706,209	70,277	61,721	1,666,980	1,767,930
Capital Grants and Contributions	63,241	327,043			63,241	327,043
General Revenue:						
Property Taxes	54,289,371	50,753,021			54,289,371	50,753,021
Federal and State Aid	4,782,789	6,695,706			4,782,789	6,695,706
Earnings on Investments	14,064	17,334			14,064	17,334
Miscellaneous	296,104	294,945			296,104	294,945
Total Revenue	61,205,509	59,894,912	1,004,965	921,937	62,210,474	60,816,849
Expenses:						
Instruction	35,971,049	34,300,465			35,971,049	34,300,465
Support Services	7,479,594	6,921,714			7,479,594	6,921,714
Administration and Business	6,142,622	6,012,789			6,142,622	6,012,789
Maintenance and Operations	6,606,069	5,952,210			6,606,069	5,952,210
Transportation	2,436,111	2,222,207			2,436,111	2,222,207
Special Schools	121,736	99,470			121,736	99,470
Interest on long-term liabilities	1,701,122	1,768,979			1,701,122	1,768,979
Business Type Activities			998,679	936,175	998,679	936,175
Total Expenses	60,458,303	57,277,834	998,679	936,175	61,456,982	58,214,009
Change in Net Assets	747,206	2,617,078	6,286	(14,238)	753,492	2,602,840
Net assets - beginning	34,796,568	32,179,490	203,668	217,906	35,000,236	32,397,396
Net assets - ending	\$ 35,543,774	\$ 34,796,568	\$ 209,954	\$ 203,668	\$ 35,753,728	\$ 35,000,236

*Revenue Sources.* The District's total revenue for the 2010/11 school year was \$62,210,474. Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$54,289,371 of the total, or 87.27 percent. Another 10.47 percent came from federal and state aids not restricted for specific programs and operating and capital grants and contributions, 1.76 percent came from charges for services and the remainder from other miscellaneous sources. Included in the State Aid number is the TPAF, Pension and Social Security Employer Share. The TPAF contributions are made to districts for the reimbursement of the Employer's portion of Pension and Social Security. The payment and subsequent reimbursement amount is a book entry. The School District of the Chatham's primarily conducts its operations from the revenue it receives from its local taxpayers. The decrease in capital grants is mainly attributable to \$263,802 less in revenue from New Jersey Schools Development Authority for funding of Capital Projects due to the timing of expenditures. The decrease in operating grants and contributions is the result of the fact that the District received less federal aid for the American Recovery and Reinvestment Act than in the prior year.

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 \$1,345,112, while the total fund balance was \$5,386,259.

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 Governmental fund revenues for the fiscal year ended June 30, 2011, and the increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 54,970,660	89.81%	\$3,681,955	7.18%
State Sources	5,004,679	8.18%	(1,897,586)	-27.49%
Federal Sources	1,230,170	2.01%	(146,673)	-10.65%
	<u>\$ 61,205,509</u>	<u>100.00%</u>	<u>\$1,637,696</u>	<u>2.75%</u>

The increase in local sources is mainly attributable to an increase in the tax levy to offset the reduction of federal and state aid received in the prior year.

The decrease of approximately \$2.2 million or 30.77% of State sources in FY 2011 is result the State of New Jersey reducing the amount of general state aid awarded to the District.

The decrease of approximately \$150,000 or 10.65% of Federal sources in FY 2011 is the result of the District realizing revenues in the prior year for funds received by the District for the American Recovery and Reinvestment Act. The funds were awarded for the period of September 1, 2009 through August 31, 2011 and the District expended the majority of these funds in the prior year.

The following schedule presents a summary of Governmental Fund expenditures for the fiscal year ended June 30, 2011 and the increases and decreases in relation to the prior year.

	<u>Amount</u>	<u>Percentage</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures				
Instruction	\$ 25,044,512	41.23%	\$ 865,843	3.58%
Undistributed	31,271,049	51.48%	2,256,275	7.78%
Special Schools	89,747	0.15%	15,483	20.85%
Capital Outlay	1,246,377	2.05%	(434,622)	-25.85%
Debt Service				
Principal	1,462,608	2.41%	(479,290)	-24.68%
Interest	1,630,490	2.68%	(75,812)	-4.44%
	<u>\$ 60,744,783</u>	<u>100.00%</u>	<u>\$ 2,147,877</u>	<u>3.67%</u>

The increase in instruction and undistributed expenditures were within expected increases and are less than 10% and therefore further explanation is not provided.

The decrease in capital outlay expenditures of approximately \$430,000 or 25.85% is mainly the result of the timing of one time expenditures occurring for construction costs, purchases of various machinery and equipment, and the costs of certain capital leases entered into by District.

The decrease in debt service payments for principal and interest is the result of the District making annual payments to pay-down their existing bonded debt in accordance with the pay-down schedule and capital leases being paid down.

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

## **Business-Type Activities**

The net assets from the District's business-type activity increased in the 2011 fiscal year by \$6,286. This amount is not considered significant and no further explanation is required.

## **General Fund Budgetary Highlights**

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

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

### **Revenues**

There were no revenue fluctuations between the original and modified budgets.

### **Expenditures**

- The modified budget for regular programs – undistributed instruction – general supplies exceeded the original budget by approximately \$400,000 or 24.90% as a result of purchasing, rather than leasing various computers during 2010/11 per the District's technology plan.
- The modified budget for undistributed instruction – other support serves students – related services - salaries exceeded the original budget by approximately \$250,000 or 96.24% as a result of the reallocation of special education aides and in-class support expenses as required by students IEP's to this account based on recommendation from the county office.
- The modified budget for undistributed expenditures – required maintenance for school facilities – cleaning, repairs, and maintenance services exceeded the original budget by approximately \$836,000 or 309.48% as a result of maintenance related projects that were identified during the year that needed to be performed.
- The modified budget for undistributed expenditures – student transportation services – contracted services (special education students) – ESC's increased from the original budget by approximately \$148,000 or 15.16% as a result of costs related to additional unanticipated special education students.
- The modified budget for undistributed expenditures – other operation and maintenance of plant – energy decreased from the original budget by approximately \$463,000 or 26.59% as a result of District savings realized from cooperative energy agreements with ACES and conservation efforts.

- The modified budget for capital outlay – equipment - undistributed expenditures – non-instructional services increased from the original budget by approximately \$301,000 or 100.00% as a result of maintenance related equipment purchases that needed to be addressed by the District.

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

### **Revenues**

- Actual interest income was less than the modified budgeted amount by approximately \$141,000 or 90.93% as a result of the reduction in cash on hand as well as the drop in interest rates being offered by financial institutions.
- Actual miscellaneous income was in excess of the modified budgeted amount by approximately \$101,000 or 51.85% as a result of the Board approving a High School Student activity fee of \$150 per student.
- Actual extraordinary aid was in excess of the modified budgeted amount by approximately \$268,000 or 133.83% as a result of the final award amount from the State of New Jersey being in excess of amounts originally calculated during the preparation of the budget.

### **Expenditures**

- The actual amounts expended for undistributed expenditures – instruction – tuition to private schools for the disabled – were less than the final budget by approximately \$320,000 or 14.65% as a result of the District appropriating prior year excess revenues received from extraordinary aid into this budget line.
- The actual amounts expended for undistributed expenditures – Required maintenance for school facilities – cleaning repairs and maintenance services were less than the final budget by approximately \$181,000 or 16.38% as a result of the District allocating 2010-2011 funds for 2011 summer projects. Monies for these projects were encumbered from the 2010-2011 school year but not expensed until the following year after the projects were completed.
- The actual amounts expended for undistributed expenditures – Operation and maintenance of plant services – energy were less than the final budget by approximately \$159,000 or 12.47% as a result of District conservation and less than anticipated demands.
- The actual amounts expended for Capital outlay – facilities acquisition and construction services were less than the final budget by approximately \$1,432,000 or 96.66% as a result of the District allocating 2010-2011 funds for 2011 summer projects. Monies for these projects were encumbered from the 2010-2011 school year but not expensed until the following year after the projects were completed.



## Capital Assets

As of June 30, 2011, the District has capital assets, net of accumulated depreciation, of \$68,302,801, including land, construction in progress, building and building improvements and machinery, equipment, vehicles noted as follows:

	Government Activities		Business-Type Activities		Total School District	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Land	\$11,616,511	\$11,616,511			\$11,616,511	\$11,616,511
Construction in Progress	243,460	877,254			243,460	877,254
Buildings and Building Improvements	51,256,880	51,522,267	\$ 40,762	\$ 41,602	51,297,642	51,563,869
Land Improvements	3,482,842	3,758,315			3,482,842	3,758,315
Machinery and Equipment	1,424,114	1,395,765	238,232	259,522	1,662,346	1,655,287
Total Capital Assets						
Net of Depreciation	\$68,023,807	\$69,170,112	\$ 278,994	\$ 301,124	\$68,302,801	\$69,471,236

More detailed information about the District's capital assets is presented in Note 5 to the District's basic financial statements.

## Debt Administration and Long-Term Liabilities

The District's long-term liabilities at June 30, 2011 and 2010 are as follows for the governmental activities:

	2010/11	2009/10
General Obligation Bonds, Net	\$ 36,032,445	\$ 37,094,762
Capital Leases	489,989	369,998
Compensated Absences	2,117,522	2,158,331
	<u>\$ 38,639,956</u>	<u>\$ 39,623,091</u>

Additionally, the District has business-type long-term liabilities relating to a purchase agreement payable for equipment of \$104,386 outstanding at June 30, 2011. Additional information on the School District of the Chatham's long-term liabilities can be found in Note 6 to the basic financial statements

### **Factors Bearing on the District's Future**

In preparing the 2011-2012 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 the new 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. During the preparation of the 2011-2012 budget, the state introduced banked cap which the district can utilize in the school years of 2012-2013, 2013-2014 and 2014-2015. The district generated banked cap from enrollment adjustments and a health benefits adjustments.

The Board has opted to continue zero based budgeting to ensure only effective programs/services are funded in the future. The 2011-2012 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 2012-2013 budget, there will be increased demands for more teaching staff, supplies and equipment due to continued expected enrollment increases (This despite the trend elsewhere in the state). This will be made more difficult because of the New Jersey Department of Education's new funding law. This law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to look into the budget and challenge the District in their expenditure decisions. Further the State has made it clear that they are moving to reduce the number of school districts in the state by consolidating neighboring districts or at a minimum to see 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 Board of Education Office of the School Business Administrator, 58 Meyersville Road, Chatham, New Jersey 07928.

## Basic Financial Statements



GOVERNMENT-WIDE FINANCIAL STATEMENTS



**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Net Assets  
June 30, 2011**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,787,308	\$ 82,928	\$ 2,870,236
Receivables, net	1,058,291	33,104	1,091,395
Internal balances	(5,394)	5,394	-
Inventory		2,646	2,646
Deferred Charges	327,903		327,903
Restricted assets:			
Capital reserve account - cash	2,956,750		2,956,750
Capital assets, non-depreciable	11,859,971		11,859,971
Capital assets, depreciable, net	56,163,836	278,994	56,442,830
Total Assets	<u>75,148,665</u>	<u>403,066</u>	<u>75,551,731</u>
<b>LIABILITIES</b>			
Accounts Payable	16,150	59,027	75,177
Accrued Interest Payable	752,179		752,179
Payable to state government	30,213		30,213
Unearned revenue	166,393	29,699	196,092
Noncurrent liabilities:			
Due within one year	1,515,154	34,795	1,549,949
Due beyond one year	37,124,802	69,591	37,194,393
Total liabilities	<u>39,604,891</u>	<u>193,112</u>	<u>39,798,003</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	31,969,490	174,608	32,144,098
Restricted for:			
Capital Projects	1,197,938		1,197,938
Debt service	2		2
Other purposes	3,507,973		3,507,973
Unrestricted (deficit)	<u>(1,131,629)</u>	<u>35,346</u>	<u>(1,096,283)</u>
Total Net Assets	<u>\$ 35,543,774</u>	<u>\$ 209,954</u>	<u>\$ 35,753,728</u>

See independent auditors' report and accompanying notes to the basic financial statements.

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Activities  
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 26,166,709	\$ 60,500	\$ 417,533		\$ (25,688,676)		\$ (25,688,676)
Special education	7,815,974		973,294		(6,842,680)		(6,842,680)
Other instruction	1,988,366				(1,988,366)		(1,988,366)
Support services:							
Student and instruction related services	7,479,594		205,876		(7,273,718)		(7,273,718)
School administration services	3,566,723				(3,566,723)		(3,566,723)
General and business administration services	2,575,899				(2,575,899)		(2,575,899)
Operation and maintenance of plant services	6,606,069			\$ 63,241	(6,542,828)		(6,542,828)
Pupil transportation	2,436,111	102,737			(2,333,374)		(2,333,374)
Special schools	121,736				(121,736)		(121,736)
Interest and other costs on long-term debt	1,701,122	-	-	-	(1,701,122)		(1,701,122)
Total governmental activities	<u>60,458,303</u>	<u>163,237</u>	<u>1,596,703</u>	<u>63,241</u>	<u>(58,635,122)</u>		<u>(58,635,122)</u>
Business-type activities:							
Food Service	930,380	895,670	70,277			\$ 35,567	35,567
Cougar Cubs	68,299	39,018	-	-		(29,281)	(29,281)
Total business-type activities	<u>998,679</u>	<u>934,688</u>	<u>70,277</u>	<u>-</u>	<u>-</u>	<u>6,286</u>	<u>6,286</u>
Total primary government	<u>\$ 61,456,982</u>	<u>\$ 1,097,925</u>	<u>\$ 1,666,980</u>	<u>\$ 63,241</u>	<u>(58,635,122)</u>	<u>6,286</u>	<u>(58,628,836)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					51,559,756		51,559,756
Property taxes, levied for debt service					2,729,615		2,729,615
State aid not restricted					4,782,789		4,782,789
Investment Earnings					14,064		14,064
Miscellaneous Income					296,104		296,104
Total general revenues					59,382,328	-	59,382,328
Change in Net Assets					747,206	6,286	753,492
Net Assets—beginning					34,796,568	203,668	35,000,236
Net Assets—ending					<u>\$ 35,543,774</u>	<u>\$ 209,954</u>	<u>\$ 35,753,728</u>



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUNDS



BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,301,552		\$ 485,754	\$ 2	\$ 2,787,308
Intergovernmental Accounts Receivable					
State	597,733		30,351		628,084
Federal		\$ 377,062			377,062
Other	45,202	7,943			53,145
Interfunds receivable	265,339		769,923		1,035,262
Restricted cash and cash equivalents	2,956,750	-	-	-	2,956,750
<b>Total Assets</b>	<b>\$ 6,166,576</b>	<b>\$ 385,005</b>	<b>\$ 1,286,028</b>	<b>\$ 2</b>	<b>\$ 7,837,611</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable			\$ 16,150		\$ 16,150
Interfunds payable	\$ 775,317	\$ 265,339			1,040,656
Payable to state government		30,213			30,213
Deferred revenue	5,000	89,453	71,940		166,393
<b>Total Liabilities</b>	<b>780,317</b>	<b>385,005</b>	<b>88,090</b>		<b>1,253,412</b>
Fund Balances:					
Restricted for:					
Excess surplus - current year	271,277				271,277
Excess surplus - designated for subsequent year's expenditures	279,946				279,946
Capital reserve account	2,956,750				2,956,750
Capital projects			1,197,938		1,197,938
Debt service				\$ 2	2
Assigned to:					
Other Purposes	533,174				533,174
Unassigned Fund Balance Reported In:					
General fund	1,345,112	-	-	-	1,345,112
<b>Total Fund Balances</b>	<b>5,386,259</b>	<b>-</b>	<b>1,197,938</b>	<b>2</b>	<b>6,584,199</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,166,576</b>	<b>\$ 385,005</b>	<b>\$ 1,286,028</b>	<b>\$ 2</b>	<b>\$ 7,837,611</b>

Amounts reported for *governmental activities* in the statement of net assets (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 are \$88,623,040 and the accumulated depreciation is \$20,599,233. 68,023,807

Long-term liabilities, including bonds payable, compensated absences and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (less the unamortized deferred amount on refunding). (38,639,956)

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. (752,179)

Bond Issuance costs are reported as expenditures in the governmental funds and is deferred in the government-wide financial statements. The cost is \$513,419 and the accumulated amortization is \$185,516. 327,903

Net assets of governmental activities \$ 35,543,774

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2011

	Major Funds				Total
	General	Special	Capital	Debt	Governmental
	Fund	Revenue	Projects	Service	Funds
		Fund	Fund	Fund	
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 51,559,756			\$ 2,729,615	\$ 54,289,371
Tuition charges	60,500				60,500
Transportation fees	102,737				102,737
Interest earned on investments	14,064				14,064
Miscellaneous	296,104	\$ 207,884		-	503,988
Total - Local Sources	52,033,161	207,884		2,729,615	54,970,660
State sources	4,782,789	158,649	\$ 63,241		5,004,679
Federal sources	-	1,230,170	-	-	1,230,170
Total Revenues	56,815,950	1,596,703	63,241	2,729,615	61,205,509
<b>EXPENDITURES</b>					
Current:					
Regular instruction	18,850,599	400,137			19,250,736
Special education instruction	3,300,698	973,294			4,273,992
Other instruction	1,519,784				1,519,784
Support services and undistributed costs:					
Tuition	2,338,936				2,338,936
Attendance/social work	65,223				65,223
Health services	565,778				565,778
Other support services	3,319,859	205,876			3,525,735
Improvement of instruction	622,673				622,673
School library	825,710				825,710
Instructional staff training	103,611				103,611
General administration services	921,756				921,756
School administration services	2,624,611				2,624,611
Central services	675,431				675,431
Administrative information technology	413,660				413,660
Required maintenance of school facility	1,490,447				1,490,447
Operations of plant services	3,942,246				3,942,246
Care and upkeep of grounds	177,534				177,534
Security	84,636				84,636
Pupil transportation services	2,331,566				2,331,566
Unallocated benefits	6,965,452				6,965,452
On-behalf TPAF social security and pension contributions	3,596,044				3,596,044
Debt service:					
Principal	352,608			1,110,000	1,462,608
Interest	10,875			1,619,615	1,630,490
Special schools	89,747				89,747
Capital outlay	1,056,124	17,396	172,857	-	1,246,377
Total Expenditures	56,245,608	1,596,703	172,857	2,729,615	60,744,783
Excess (Deficiency) of revenues over (under) expenditures	570,342	-	(109,616)	-	460,726
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Capital leases (non-budgeted)	472,599				472,599
Transfers in	-		818,250		818,250
Transfers (out)	(818,250)		-		(818,250)
Total Other Financing Sources and (Uses)	(345,651)	-	818,250	-	472,599
Net change in fund balances	224,691		708,634	-	933,325
Fund Balance—July 1	5,161,568	-	489,304	2	5,650,874
Fund Balance—June 30	\$ 5,386,259	\$ -	\$ 1,197,938	\$ 2	\$ 6,584,199

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

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2011

**Total net change in fund balances - governmental funds (from B-2)** **\$ 933,325**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset (capital outlay) additions in the period.

Depreciation expense	\$	(1,797,859)	
Capital additions		<u>651,815</u>	
			(1,146,044)

Loss on disposal of capital assets (261)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. The issuance of bonds and leases provide current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Also, governmental funds report the effect on issuance cost, premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of these long-term liabilities.

Payment of Bond Principal	\$	1,110,000	
Payment of Capital Lease Principal		352,608	
Capital leases proceeds		(472,599)	
Amortization of Deferred Refunding		(47,683)	
Amortization of Issuance Costs		<u>(26,202)</u>	
			916,124

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 addition in the reconciliation. (+) 3,253

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 (+). 40,809

**Change in net assets of governmental activities (A-2)** **\$ 747,206**

*This page left blank intentionally*



PROPRIETARY FUNDS



BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Funds  
Statement of Net Assets  
June 30, 2011

	Major Funds		
	Business-type Activities - Food Service	Enterprise Funds - Cougar Cubs	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 82,928		\$ 82,928
Accounts receivable:			
State	1,206		1,206
Federal	8,629		8,629
Other	23,269		23,269
Interfund receivable	5,394		5,394
Inventories	2,646	-	2,646
Total Current Assets	<u>124,072</u>	<u>-</u>	<u>124,072</u>
Noncurrent assets:			
Furniture, machinery and equipment	413,400		413,400
Less accumulated depreciation	(134,406)	-	(134,406)
Total Noncurrent Assets	<u>278,994</u>	<u>-</u>	<u>278,994</u>
Total Assets	<u>403,066</u>	<u>-</u>	<u>403,066</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	59,027		59,027
Purchase agreement payable	34,795		34,795
Unearned revenue	29,699		29,699
Total Current Liabilities	<u>123,521</u>		<u>123,521</u>
Noncurrent Liabilities:			
Purchase agreement payable	69,591		69,591
Total Noncurrent Liabilities	<u>69,591</u>		<u>69,591</u>
Total Liabilities	<u>193,112</u>		<u>193,112</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	174,608		174,608
Unrestricted	35,346	-	35,346
Total Net Assets	<u>\$ 209,954</u>	<u>\$ -</u>	<u>\$ 209,954</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Year Ended June 30, 2011

	Major Funds		
	Business-type Activities - Enterprise Funds		
	Food Service	Cougar Cubs	Totals
<b>Operating Revenues:</b>			
Charges for services:			
Daily sales - reimbursable programs	\$ 876,502		\$ 876,502
Daily sales - non-reimbursable programs	19,168		19,168
Tuition and fees	-	\$ 39,018	39,018
Total Operating Revenues	<u>895,670</u>	<u>39,018</u>	<u>934,688</u>
<b>Operating Expenses:</b>			
Cost of sales	365,903		365,903
Salaries	355,518	50,463	405,981
Employee benefits	25,961	11,332	37,293
Other purchased services	49,950		49,950
Management Fee	33,449		33,449
General supplies	64,384	6,504	70,888
Miscellaneous	13,085		13,085
Depreciation	22,130	-	22,130
Total Operating Expenses	<u>930,380</u>	<u>68,299</u>	<u>998,679</u>
Operating (Loss)	<u>(34,710)</u>	<u>(29,281)</u>	<u>(63,991)</u>
<b>Nonoperating Revenues:</b>			
State sources:			
State school lunch program	4,973		4,973
Federal sources:			
National school lunch program	45,989		45,989
Food donation program	19,315	-	19,315
Total Nonoperating Revenues	<u>70,277</u>	<u>-</u>	<u>70,277</u>
Change in net assets	35,567	(29,281)	6,286
Total Net Assets—Beginning	<u>174,387</u>	<u>29,281</u>	<u>203,668</u>
Total Net Assets—Ending	<u>\$ 209,954</u>	<u>\$ -</u>	<u>\$ 209,954</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2011

	Major Funds		
	Business-type Activities - Enterprise Funds		
	Food Service	Cougar Cubs	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 924,692	\$ 39,018	\$ 963,710
Payments to employees	(355,518)	(50,463)	(405,981)
Payments for employee benefits	(25,961)	(11,332)	(37,293)
Payments to suppliers	(837,372)	(6,504)	(843,876)
Net cash (used for) operating activities	(294,159)	(29,281)	(323,440)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	4,121		4,121
Federal sources	40,424		40,424
Food donation program	18,102	-	18,102
Net cash provided by non-capital financing activities	62,647	-	62,647
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments of loan	(35,288)	-	(35,288)
Net cash (used for) capital and related financing activities	(35,288)	-	(35,288)
Net (decrease) in cash and cash equivalents	(266,800)	(29,281)	(296,081)
Cash and cash equivalents, beginning of year	349,728	29,281	379,009
Cash and cash equivalents, end of year	\$ 82,928	\$ -	\$ 82,928
<b>Reconciliation of operating loss to net cash (used for) operating activities:</b>			
Operating (loss)	\$ (34,710)	\$ (29,281)	\$ (63,991)
Adjustments to reconcile operating loss to net cash (used for) operating activities:			
Depreciation	22,130		22,130
Decrease in inventories	2,521		2,521
Decrease in other accounts receivable	50,715		50,715
Increase in deferred revenue (non-commodities)	29,022		29,022
Decrease in interfund payable	(63,651)		(63,651)
Decrease in accounts payable	(300,186)	-	(300,186)
Total adjustments	(259,449)	-	(259,449)
Net cash (used for) operating activities	\$ (294,159)	\$ (29,281)	\$ (323,440)

*Noncash noncapital financing activities:*

The District received \$18,102 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2011.

*This page left blank intentionally*

FIDUCIARY FUNDS





BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 443,811	\$ 29,542	\$ 1,241,436
Total Assets	<u>443,811</u>	<u>29,542</u>	<u>\$ 1,241,436</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings payable			\$ 843,588
Unemployment claims payable	31,587		
Due to student groups	-		397,848
Total Liabilities	<u>31,587</u>		<u>\$ 1,241,436</u>
<b>NET ASSETS</b>			
Held in trust for unemployment claims	<u>\$ 412,224</u>		
Held in trust for scholarship		<u>\$ 29,542</u>	

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Employee	\$ 49,597	
Other	<u>-</u>	\$ 5,200
Total Contributions	<u>49,597</u>	<u>5,200</u>
Investment earnings:		
Interest	<u>710</u>	<u>50</u>
Total investment earnings	<u>710</u>	<u>50</u>
Total Additions	<u>50,307</u>	<u>5,250</u>
<b>DEDUCTIONS</b>		
Unemployment claims	215,232	
Scholarships awarded	<u>-</u>	5,839
Total Deductions	<u>215,232</u>	<u>5,839</u>
Change in Net Assets	<u>(164,925)</u>	<u>(589)</u>
Net Assets—beginning of the year	<u>577,149</u>	<u>30,131</u>
Net Assets—end of the year	<u>\$ 412,224</u>	<u>\$ 29,542</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

The financial statements of the Board of Education (the “Board”) of the School District of the Chathams (the “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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all non-fiduciary funds to be reported as major to promote consistency among the school districts in the State of New Jersey.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

Property taxes, interest, and state equalization monies 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.

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 (other than debt service or capital projects) that are restricted or committed to expenditures for specified purposes.

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds).

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

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

*Cougar Cubs Enterprise Fund:* The cougar cubs enterprise fund accounts for all revenues and expenses relating to a parent funded Pre-K Curriculum program. The stated intent is that the cost of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District eliminated the Cougar Cubs Enterprise Fund Program during 2010/2011 and liquidated all assets, liabilities and fund balances.

Additionally, the District reports the following fund types:

Fiduciary funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District and include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

*Trust Funds:* The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

*Agency Funds (Payroll and Student Activity Fund):* Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

School District of the Chathams  
Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

In its accounting and financial reporting, the District follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's enterprise fund and business-type activities have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) 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.

The proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food and tuition. Operating expenses for the enterprise funds include the cost of sales, salary expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports deferred (unearned) revenue on its balance sheet and statement of net assets. Deferred (unearned) revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred (unearned) revenue also 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 deferred (unearned) revenue is removed from the balance sheet and statement of net assets and revenue is recognized.

## School District of the Chathams

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

Year ended June 30, 2011

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

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

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. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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 and properly approved.

The overexpenditure 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.



# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### **D. Budgets/Budgetary Control (continued)**

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 state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

#### **E. Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

#### **F. Inventories**

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and the District uses the consumption method for expensing inventory. At June 30, 2011, the District had inventories in the Food Service Enterprise Fund in the amount of \$2,646, of which, the portion of unused Food Donation Program commodities in the amount of \$677 is reported as unearned revenue.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### G. Capital Assets

Capital assets, which include property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the district-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 estimated fair value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

#### H. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, a liability existed for compensated absences in the government-wide financial statements in the amount of \$2,117,522 and no liability existed for compensated absences in the proprietary fund.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### **I. Deferred Revenue**

Deferred revenue in the special revenue fund and capital projects fund represents cash received from federal, state and local grants, which has been received but not yet earned and outstanding encumbrances in the special revenue fund.

#### **J. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 and unamortized loss on a refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures in the year of issuance.

#### **K. Fund Equity**

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and establishes 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:

## School District of the Chathams

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

Year ended June 30, 2011

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

##### K. Fund Equity (continued)

- 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 determined by a formal action of the government's highest level of decision-making authority.
- 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.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications.

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 balances, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$5,386,259 of fund balances in the General Fund, \$533,174 of encumbrances is assigned to other purposes, \$271,277 has been restricted for excess surplus-current year, \$279,946 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$2,956,750 has been restricted for the capital reserve, and \$1,345,112 is classified as unassigned.

##### L. Net Assets and Fund Balance / Restricted Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

See Note 5 for additional information relating to capital assets.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

#### **M. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **N. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

#### **O. Calculation of Excess Surplus**

The designation for reserved 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 General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 was \$551,223. Of this amount, \$279,946 has been appropriated in the 2011/12 budget and the remaining \$271,277 will be appropriated in the 2012/13 budget.

#### **P. Reclassifications**

Certain prior year amounts have been reclassified to conform with the current fiscal year presentation. Such reclassifications had no impact on the net assets or fund balances.

#### **Q. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2011 and November 22, 2011, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would required disclosure.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 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 Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases 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 \$38,639,956 difference are as follows:

Bonds payable, net	\$ 36,032,445
Capital leases payable	489,989
Compensated absences payable	<u>2,117,522</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	<u>\$ 38,639,956</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 Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." 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.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 3. Deposits and Investments (continued)

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

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

#### Deposits

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

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

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

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

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

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 3. Deposits and Investments (continued)

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2011, the carrying amount of the District's deposits was \$7,541,775 and the bank balance was \$8,566,761. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2011 was secured by federal depository insurance company. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the remaining bank balance of \$8,316,761.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

#### Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

*Custodial Credit Risk:* Pursuant to GASB 40, the District did not have any investments that were exposed to custodial credit risk. The District does not have a policy for custodial credit risk.



# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 3. Deposits and Investments (continued)

*Credit Risk:* The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2011.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk. The District did not have any investments at June 30, 2011.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2011, the District had no investments.

### 4. Capital Reserve Account

A capital reserve account was established by the Board for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 1,564,125
Deposits:	
Approved by resolution at the June 27, 2011 meeting	2,575,000
Withdrawals:	
Budgeted withdrawal	(364,125)
Withdrawal by Resolution for Approved Projects	(818,250)
Ending balance, June 30, 2011	<u>\$ 2,956,750</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 4. Capital Reserve Account (continued)

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, 2011 balance of local support costs of uncompleted projects was in excess of the amount held in the capital reserve account.

### 5. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2011:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,616,511			\$ 11,616,511
Construction in progress	877,254	\$ 243,460	\$ ( 877,254)	243,460
Total capital assets, not being depreciated	12,493,765	243,460	(877,254)	11,859,971
Capital assets, being depreciated:				
Buildings and building improvements	66,804,695	125,360	877,254	67,807,309
Land improvements	6,121,698	17,530		6,139,228
Machinery, equipment and vehicles and intangible assets	2,552,047	265,465	(980)	2,816,532
Total capital assets being depreciated	75,478,440	408,355	876,274	76,763,069
Less accumulated depreciation for:				
Buildings and building improvements	(15,282,428)	(1,268,001)		(16,550,429)
Land improvements	(2,363,383)	(293,003)		(2,656,386)
Machinery, equipment and vehicles and intangible assets	(1,156,282)	(236,855)	719	(1,392,418)
Total accumulated depreciation	(18,802,093)	(1,797,859)	719	(20,599,233)
Total capital assets, being depreciated, net	56,676,347	(1,389,504)	876,993	56,163,836
Governmental activities capital assets, net	\$ 69,170,112	\$ (1,146,044)	\$ (261)	\$ 68,023,807

School District of the Chathams  
Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

**5. Capital Assets (continued)**

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

Instruction	
Regular	\$ 795,545
Special education	176,625
Other	62,806
Support services	
Student and instruction related services	235,916
School administration services	108,463
General and business administration services	83,099
Operation and maintenance of plant services	235,343
Pupil transportation	96,353
Special schools	3,709
Total depreciation expense – governmental activities	<u>\$ 1,797,859</u>

The following schedule is a summarization of business-type activity changes in capital assets for the year ended June 30, 2011:

	Beginning Balance	Increases	Ending Balance
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Building improvements	\$42,022		\$ 42,022
Machinery and equipment	371,378		371,378
Total capital assets, being depreciated	413,400		413,400
Less accumulated depreciation for:			
Building improvements	(420)	\$ (840)	(1,260)
Machinery and equipment	(111,856)	(21,290)	(133,146)
Total accumulated depreciation	(112,276)	(22,130)	(134,406)
Total business-type activities capital assets, net	<u>\$ 301,124</u>	<u>\$ (22,130)</u>	<u>\$ 278,994</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 6. Long-Term Liabilities

During the year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 37,810,000		\$ (1,110,000)	\$ 36,700,000	\$ 1,165,000
Less: Deferred amount on refunding	(715,238)		47,683	(667,555)	(47,683)
Net bonds payable	37,094,762		(1,062,317)	36,032,445	1,117,317
Compensated absences payable	\$ 2,158,331	\$ 216,518	\$ (257,327)	\$ 2,117,522	\$ 65,000
Obligations under capital leases	369,998	472,599	(352,608)	489,989	332,837
Governmental activities long-term liabilities	\$ 39,623,091	\$ 689,117	\$ (1,672,252)	\$ 38,639,956	\$ 1,515,154
Business-Type activities:					
Purchase agreement payable	\$ 139,674	\$ -	\$ (35,288)	\$ 104,386	\$ 34,795
Business-Type activities long-term liabilities	\$ 139,674	\$ -	\$ (35,288)	\$ 104,386	\$ 34,795

The compensated absences and obligations under capital leases are expected to be paid from general fund appropriations. Bonds payable are expected to be paid from debt service fund appropriations. The District expects to liquidate the purchase agreement payable with payments made from the District's enterprise fund – food service.

### 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.

In June 2005, the District issued \$16,950,000 of School District Refunding Bonds with interest rates ranging from 3.00% to 5.00% to advance refund \$15,783,000 school bonds. As of June 30, 2011, \$15,783,000 of the defeased bonds remains outstanding.

School District of the Chathams

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

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

**Bonds Payable (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2012	\$ 1,165,000	\$ 1,568,598	\$ 2,733,598
2013	1,210,000	1,519,135	2,729,135
2014	1,270,000	1,467,760	2,737,760
2015	1,325,000	1,407,888	2,732,888
2016	1,390,000	1,346,584	2,736,584
2017-2021	7,870,000	5,845,354	13,715,354
2022-2026	9,765,000	4,006,416	13,771,416
2027-2031	12,705,000	1,442,766	14,147,766
	<u>\$ 36,700,000</u>	<u>\$18,604,499</u>	<u>\$55,304,499</u>

**Capital Leases**

*Governmental Funds*

The District has several capital leases outstanding for computers which have interest rates ranging between 3.05% and 8.89%. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net future minimum lease payments at June 30, 2011:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2012	\$ 365,393
2013	171,130
Total minimum lease payment	536,523
Less amount representing interest	(46,534)
Present value of net future minimum lease payments	<u>\$ 489,989</u>

The assets acquired through capital leases are as follows at June 30, 2011:

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment And vehicles	\$ 2,253,192
Less accumulated depreciation	(1,760,046)
Total	<u>\$ 493,146</u>

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 6. Long-Term Liabilities (continued)

#### Operating Leases

The District has commitments to lease copiers, mail equipment and other equipment under operating leases which expire in the 2015 fiscal year. Total operating lease payments made during the year ended June 30, 2011 were \$190,784. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2012	\$ 142,190
2013	112,301
2014	106,072
2015	54,493
Total lease payments	<u>\$ 415,056</u>

### 7. Deferred Bond Issuance Costs

In the governmental funds, debt issuance costs are recognized as expenditures in the year the bonds are issued. For the government-wide financial statements, debt issuance costs are amortized using the straight line method, which approximates the effective interest method, over the life of specific bonds (17 to 20 years). The costs associated with the issues of various bonds amounted to \$513,419. The amortization expense for the fiscal year ended June 30, 2011, amounted to \$26,202 and the total accumulated amortization, at June 30, 2011 is \$185,516.

### 8. Pension Plans

#### Plan Descriptions

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

## School District of the Chathams

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

Year ended June 30, 2011

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

##### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

##### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

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.

## School District of the Chathams

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

Year ended June 30, 2011

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

##### **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. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2011, the State of New Jersey contributed \$1,738,972 to the TPAF for on-behalf medical 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 \$1,857,072 during the year ended June 30, 2011 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 district-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2011, 2010 and 2009 were \$555,911, \$429,331, and \$370,254, respectively, equal to the required contributions for each year.

##### **Post-Retirement Benefits**

##### ***Plan Description***

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.



# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 8. Pension Plans (continued)

#### Post-Retirement Benefits (continued)

##### *Funding Policy*

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, Chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$1,660,781, \$1,533,045, and \$1,486,136 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 9. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2011 is as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 265,339	\$ 775,317
Special Revenue Fund		265,339
Capital Projects Fund	769,923	
Food Service Enterprise Fund	5,394	
	<u>\$ 1,040,656</u>	<u>\$ 1,040,656</u>

The interfund between the general and special revenue fund represents cash loaned to the special revenue fund by the general fund to cover a pooled cash deficit resulting from the District incurring expenditures for federal programs for which reimbursement from the grantor had been requested, but not received by year end. The interfund between the general fund and the capital projects fund represents the portion of the local share of funding for capital projects that was not turned over to the capital projects fund at year end. The interfund between the general fund and the food service enterprise fund represents cash owed to the food service enterprise fund for State and Federal meal reimbursements received by the general fund and not yet transferred to the food service enterprise fund.

All interfund balances are expected to be repaid within one year.

### 10. Economic Dependency

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

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### **11. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority ("NJSDA") relating to certain referendum projects and local projects funded with capital outlay funds. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is involved in several other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

### **12. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

#### **Property, Liability and Health Benefits**

The District maintains commercial insurance coverage for property, liability, 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 Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### 12. Risk Management (continued)

#### 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.

### 13. Deferred Compensation Plans

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

The plan administrators are as follows:

AIG Valic  
AXA Equitable  
Citistreet Metro TSA  
FTJ Fund Choice  
Galic

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

### 14. Transfers - Reconciliation

The following transfers between funds took place during the year ended June 30, 2011:

	In	Out
General Fund		\$818,250
Capital Projects Fund	\$818,250	
	<u>\$ 818,250</u>	<u>\$ 818,250</u>

The transfer from the general fund to the capital projects fund represents a transfer from the capital reserve used to fund the District's local share of capital projects.

### 15. Restricted Assets

Certain cash and cash equivalents of the District are classified as restricted assets on the statement of net assets and balance sheet because they are restricted for the capital reserve account.

# School District of the Chathams

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

### **16. Commitments**

The District has contractual commitments at June 30, 2011 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$533,174.

There were \$753,876 of contractual commitments at June 30, 2011 to vendors related to the ongoing construction projects recorded as restricted for capital projects in the capital projects fund.

*This page left blank intentionally*

Required Supplementary Information - Part II  
Budgetary Comparison





**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 51,559,756		\$ 51,559,756	\$ 51,559,756	
Tuition from individuals	19,000		19,000	60,500	\$ 41,500
Transportation Fees	60,000		60,000	102,737	42,737
Interest Earned on Investments	155,000		155,000	14,064	(140,936)
Miscellaneous	195,000		195,000	296,104	101,104
Total - Local Sources	<u>51,988,756</u>		<u>51,988,756</u>	<u>52,033,161</u>	<u>44,405</u>
State Sources:					
Categorical Special Education Aid	408,719		408,719	408,719	
Non-Public Transportation Aid				38,396	38,396
Extraordinary Aid	200,000		200,000	467,660	267,660
TPAF Pension (On-Behalf - Non-Budgeted)				1,738,972	1,738,972
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	1,857,072	1,857,072
Total State Sources	<u>608,719</u>		<u>608,719</u>	<u>4,510,819</u>	<u>3,902,100</u>
<b>Total Revenues</b>	<u>52,597,475</u>		<u>52,597,475</u>	<u>56,543,980</u>	<u>3,946,505</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	524,228	\$ 21,909	546,137	544,636	1,501
Grades 1-5 - Salaries of Teachers	6,624,610	(77,209)	6,547,401	6,490,286	57,115
Grades 6-8 - Salaries of Teachers	4,147,246	41,742	4,188,988	4,187,794	1,194
Grades 9-12 - Salaries of Teachers	5,631,530	148,570	5,780,100	5,775,145	4,955
Regular Programs - Home Instruction:					
Salaries of Teachers	45,000	(28,200)	16,800	16,706	94
Purchased Professional-Educational Services	55,960	(33,150)	22,810	19,726	3,084
Other Purchased Services	300		300		300
General Supplies	200		200		200
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	189,587	(42,158)	147,429	142,291	5,138
Other Purchased Services	1,800		1,800	22	1,778
General Supplies	1,609,466	400,701	2,010,167	1,937,945	72,222
Textbooks	84,994	(28,200)	56,794	49,274	7,520
Other Objects	77,710	(17,830)	59,880	43,802	16,078
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>18,992,631</u>	<u>386,175</u>	<u>19,378,806</u>	<u>19,207,627</u>	<u>171,179</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	484,696	(94,085)	390,611	386,445	4,166
Other Salaries for Instruction	144,734	11,960	156,694	150,752	5,942
General Supplies	5,000	-	5,000	3,392	1,608
<b>Total Learning and/or Language Disabilities</b>	<u>634,430</u>	<u>(82,125)</u>	<u>552,305</u>	<u>540,589</u>	<u>11,716</u>
Visual Impairments:					
Other Salaries for Instruction	32,622	368	32,990	32,990	
Purchased Professional-Educational Services	16,700	(3,500)	13,200	13,200	
<b>Total Visual Impairments</b>	<u>49,322</u>	<u>(3,132)</u>	<u>46,190</u>	<u>46,190</u>	
Resource Room/Resource Center:					
Salaries of Teachers	2,011,020	(26,393)	1,984,627	1,959,632	24,995
Other Salaries for Instruction	343,928	(6,193)	337,735	336,063	1,672
General Supplies	10,936	432	11,368	9,571	1,797
<b>Total Resource Room/Resource Center</b>	<u>2,365,884</u>	<u>(32,154)</u>	<u>2,333,730</u>	<u>2,305,266</u>	<u>28,464</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	222,983	682	223,665	223,503	162
Other Salaries for Instruction	53,137	18,121	71,258	66,617	4,641
General Supplies	3,455	1,771	5,226	4,187	1,039
<b>Total Preschool Disabilities - Part-Time</b>	<u>279,575</u>	<u>20,574</u>	<u>300,149</u>	<u>294,307</u>	<u>5,842</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of Teachers	\$ 61,737		\$ 61,737	\$ 55,451	\$ 6,286
Other Salaries for Instruction	44,359	\$ 14,149	58,508	58,169	339
General Supplies	2,525	(1,771)	754	726	28
<b>Total Preschool Disabilities - Full-Time</b>	<u>108,621</u>	<u>12,378</u>	<u>120,999</u>	<u>114,346</u>	<u>6,653</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>3,437,832</u>	<u>(84,459)</u>	<u>3,353,373</u>	<u>3,300,698</u>	<u>52,675</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	473,170	(14,000)	459,170	458,568	602
General Supplies	601	-	601	568	33
<b>Total Basic Skills/Remedial - Instruction</b>	<u>473,771</u>	<u>(14,000)</u>	<u>459,771</u>	<u>459,136</u>	<u>635</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	148,928	7,431	156,359	156,359	
General Supplies	2,000	-	2,000	344	1,656
<b>Total Bilingual Education - Instruction</b>	<u>150,928</u>	<u>7,431</u>	<u>158,359</u>	<u>156,703</u>	<u>1,656</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	301,500	(9,350)	292,150	291,155	995
Purchased Services	1,500		1,500	675	825
Supplies and Materials	8,380	(950)	7,430	6,980	450
Other Objects	10,818	1,050	11,868	11,815	53
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<u>322,198</u>	<u>(9,250)</u>	<u>312,948</u>	<u>310,625</u>	<u>2,323</u>
<b>School-Spon Athletics</b>					
Salaries	404,779	(29,000)	375,779	358,959	16,820
Purchased Services	88,564	14,217	102,781	99,169	3,612
Supplies and Materials	60,071	3,965	64,036	61,285	2,751
Other Objects	86,860	(8,525)	78,335	73,907	4,428
<b>Total School-Spon. Athletics</b>	<u>640,274</u>	<u>(19,343)</u>	<u>620,931</u>	<u>593,320</u>	<u>27,611</u>
<b>Total Instruction</b>	<u>24,017,634</u>	<u>266,554</u>	<u>24,284,188</u>	<u>24,028,109</u>	<u>256,079</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special	180,615		180,615	109,447	71,168
Tuition to County Voc. School Dist. - Regular	44,514		44,514	22,347	22,167
Tuition to CSSD & Regional Day Schools	128,100		128,100	122,000	6,100
Tuition to Private Schools for the Disabled - Within State	2,262,930	(78,561)	2,184,369	1,864,467	319,902
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	305,250	-	305,250	220,675	84,575
<b>Total Undistributed Expenditures - Instruction:</b>	<u>2,921,409</u>	<u>(78,561)</u>	<u>2,842,848</u>	<u>2,338,936</u>	<u>503,912</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	66,379	(86)	66,293	65,223	1,070
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>66,379</u>	<u>(86)</u>	<u>66,293</u>	<u>65,223</u>	<u>1,070</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	518,619	3,160	521,779	521,300	479
Purchased Professional and Technical Services	32,405	1,706	34,111	32,536	1,575
Supplies and Materials	13,395	(1,447)	11,948	11,942	6
<b>Total Undistributed Expenditures - Health Services</b>	<u>564,419</u>	<u>3,419</u>	<u>567,838</u>	<u>565,778</u>	<u>2,060</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>					
Salaries	520,655	(72,410)	448,245	426,587	21,658
Purchased Professional - Educational Services	182,620	66,938	249,558	234,587	14,971
Supplies and Materials	9,495	(800)	8,695	7,264	1,431
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<u>712,770</u>	<u>(6,272)</u>	<u>706,498</u>	<u>668,438</u>	<u>38,060</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	259,534	249,774	509,308	490,621	18,687
Purchased Professional - Educational Services	92,000	(6,104)	85,896	80,135	5,761
Supplies and Materials	12,000	(9,000)	3,000	1,805	1,195
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<u>363,534</u>	<u>234,670</u>	<u>598,204</u>	<u>572,561</u>	<u>25,643</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	\$ 775,814	\$ (23,243)	\$ 752,571	\$ 752,571	
Salaries of Secretarial and Clerical Assistants	136,274	1,134	137,408	137,109	\$ 299
Other Purchased Prof. and Tech. Services	29,636	(560)	29,076	7,019	22,057
Supplies and Materials	42,249	319	42,568	33,586	8,982
Other Objects	14,437	895	15,332	12,905	2,427
<b>Total Undist. Expend. - Guidance</b>	<b>998,410</b>	<b>(21,455)</b>	<b>976,955</b>	<b>943,190</b>	<b>33,765</b>
<b>Undist. Expend. - Child Study Team</b>					
Salaries of Other Professional Staff	1,039,061	(75,175)	963,886	963,350	536
Salaries of Secretarial and Clerical Assistants	153,599		153,599	153,532	67
Other Purchased Services	2,800		2,800	1,578	1,222
Supplies and Materials	22,986		22,986	21,316	1,670
Other Objects	3,035	-	3,035	2,349	686
<b>Total Undist. Expend. - Child Study Team</b>	<b>1,221,481</b>	<b>(75,175)</b>	<b>1,146,306</b>	<b>1,142,125</b>	<b>4,181</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisor of Instruction	569,826	(12,000)	557,826	554,260	3,566
Other Salaries	51,630	13,575	65,205	61,402	3,803
Supplies and Materials	12,138		12,138	7,011	5,127
Other Objects	1,500	-	1,500	-	1,500
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>635,094</b>	<b>1,575</b>	<b>636,669</b>	<b>622,673</b>	<b>13,996</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	609,623	28,101	637,724	637,533	191
Other Purchased Services	81,400		81,400	77,970	3,430
Supplies and Materials	89,687	79	89,766	87,643	2,123
Other Objects	28,067	-	28,067	22,564	5,503
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>808,777</b>	<b>28,180</b>	<b>836,957</b>	<b>825,710</b>	<b>11,247</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	23,409		23,409	20,852	2,557
Other Salaries	6,700		6,700	987	5,713
Purchased Professional - Educational Service	40,500	(11,342)	29,158	22,323	6,835
Other Purchased Services	99,531	(45,045)	54,486	44,876	9,610
Supplies and Materials	8,325		8,325	260	8,065
Other Objects	30,388	(4,433)	25,955	14,313	11,642
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>208,853</b>	<b>(60,820)</b>	<b>148,033</b>	<b>103,611</b>	<b>44,422</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	562,137	(27,000)	535,137	528,668	6,469
Legal Services	105,000		105,000	103,799	1,201
Other Purchased Professional Services	123,250	30,000	153,250	130,118	23,132
Purchased Technical Services	9,500		9,500	5,505	3,995
Communications/Telephone	149,879	(53,222)	96,657	84,575	12,082
Board of Education Other Purchased Services	5,000		5,000	749	4,251
Other Purchased Services	8,900	95	8,995	2,837	6,158
General Supplies	49,975	(17,379)	32,596	19,721	12,875
Miscellaneous Expenditures	32,651	(6,095)	26,556	22,434	4,122
Board of Education Dues and Fees	24,600	-	24,600	23,350	1,250
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>1,070,892</b>	<b>(73,601)</b>	<b>997,291</b>	<b>921,756</b>	<b>75,535</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	1,951,936	(15,000)	1,936,936	1,935,223	1,713
Salaries of Secretarial and Clerical Assistants	681,446	(10,000)	671,446	663,747	7,699
Supplies and Materials	14,651	(1,965)	12,686	11,291	1,395
Other Objects	13,903	1,068	14,971	14,350	621
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,661,936</b>	<b>(25,897)</b>	<b>2,636,039</b>	<b>2,624,611</b>	<b>11,428</b>
<b>Undist. Expend. - Central School Admin.</b>					
Salaries	672,331	(46,700)	625,631	617,955	7,676
Other Purchased Professional Services	29,557	5,250	34,807	12,904	21,903
Supplies and Materials	32,350	(3,500)	28,850	27,514	1,336
Misc. Purch. Services	16,400		16,400	9,302	7,098
Miscellaneous Expenditures	10,500	12,500	23,000	7,756	15,244
<b>Total Undist. Expend. - Central School Admin.</b>	<b>761,138</b>	<b>(32,450)</b>	<b>728,688</b>	<b>675,431</b>	<b>53,257</b>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Technology Admin.</b>					
Salaries	\$ 348,562	\$ 30,000	\$ 378,562	\$ 355,905	\$ 22,657
Supplies and Materials	55,975		55,975	55,315	660
Other Objects	122,328	(109,000)	13,328	2,440	10,888
<b>Total Undist. Expend. - Technology Admin.</b>	<u>526,865</u>	<u>(79,000)</u>	<u>447,865</u>	<u>413,660</u>	<u>34,205</u>
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Salaries	454,186		454,186	448,966	5,220
Cleaning, Repair and Maintenance Services	270,000	835,600	1,105,600	924,521	181,079
General Supplies	224,500	(79,740)	144,760	110,107	34,653
Other Objects	8,500	(1,647)	6,853	6,853	-
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	<u>957,186</u>	<u>754,213</u>	<u>1,711,399</u>	<u>1,490,447</u>	<u>220,952</u>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>					
Salaries	1,762,415	(102,995)	1,659,420	1,571,424	87,996
Cleaning, Repair and Maintenance Services	640,520	84,730	725,250	647,630	77,620
Rental of Land & Buildings other than Leases	50,000		50,000	49,997	3
Other Purchased Property Services	86,494	(6,300)	80,194	74,510	5,684
Insurance	220,500	(42,456)	178,044	178,044	-
General Supplies	308,467	9,122	317,589	302,779	14,810
Energy (Energy and Electricity)	1,739,701	(462,550)	1,277,151	1,117,862	159,289
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>4,808,097</u>	<u>(520,449)</u>	<u>4,287,648</u>	<u>3,942,246</u>	<u>345,402</u>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	85,072	16,413	101,485	83,084	18,401
Cleaning, Repair and Maintenance Services	77,550	8,750	86,300	67,326	18,974
General Supplies	45,530	(17,023)	28,507	27,124	1,383
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>208,152</u>	<u>8,140</u>	<u>216,292</u>	<u>177,534</u>	<u>38,758</u>
<b>Undist. Expend. - Security</b>					
Salaries	5,082		5,082	3,587	1,495
Cleaning, Repair and Maintenance Services	86,425	3,265	89,690	79,263	10,427
General Supplies	12,938	(9,400)	3,538	1,786	1,752
<b>Total Undist. Expend. - Security</b>	<u>104,445</u>	<u>(6,135)</u>	<u>98,310</u>	<u>84,636</u>	<u>13,674</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Pupil Trans. (Between Home & School) - Regular	25,813	(276)	25,537	25,537	-
Management Fees - ESC & CTSA Transportation Programs	10,340	(3,525)	6,815	6,815	-
Other Purchased Professional and Technical Services	7,500	(3,340)	4,160	4,160	-
Contracted Services (Between Home and School) - Vendors	257,367	44,078	301,445	285,301	16,144
Contracted Services (Other than Between Home and School) - Vendors	626,743	21,434	648,177	642,818	5,359
Contracted Services (Regular Students) - ESCs	224,400	(76,818)	147,582	132,703	15,079
Contracted Services (Special Education Students) - ESCs	978,140	148,270	1,126,410	1,101,044	25,366
Contracted Services - Aid in Lieu of Payments	146,744	(13,556)	133,188	133,188	-
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>2,277,047</u>	<u>116,467</u>	<u>2,393,514</u>	<u>2,331,566</u>	<u>61,948</u>
<b>Unallocated Benefits</b>					
Social Security Contributions	562,251	61,000	623,251	622,745	506
Other Retirement Contributions - Regular	448,983	117,478	566,461	566,444	17
Workmen's Compensation	221,059	2,500	223,559	205,936	17,623
Health Benefits	4,880,373	310,000	5,190,373	5,182,010	8,363
Tuition Reimbursement	155,000		155,000	122,647	32,353
Other Employee Benefits	220,600	45,522	266,122	265,670	452
<b>Total Unallocated Benefits</b>	<u>6,488,266</u>	<u>536,500</u>	<u>7,024,766</u>	<u>6,965,452</u>	<u>59,314</u>
On-behalf TPAF Pension Contributions (non-budgeted)				1,738,972	(1,738,972)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,857,072	(1,857,072)
<b>Total On-behalf Contributions</b>				<u>3,596,044</u>	<u>(3,596,044)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>28,365,150</u>	<u>703,263</u>	<u>29,068,413</u>	<u>31,071,628</u>	<u>(2,003,215)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>52,382,784</u>	<u>969,817</u>	<u>53,352,601</u>	<u>55,099,737</u>	<u>(1,747,136)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Special Education - Instruction:</b>					
Undistributed Expenditures - Instruction		20,811	20,811	20,811	-
Undistributed Expenditures - Non-Instructional	-	301,454	301,454	243,383	58,071
<b>Total Equipment</b>	<u>-</u>	<u>322,265</u>	<u>322,265</u>	<u>264,194</u>	<u>58,071</u>

**BOARD OF EDUCATION**  
**School District of the Chathams**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**General Fund**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Facilities Acquisition and Construction Services</b>					
Purchased Professional and Technical Services	\$ 151,212	\$ 23,220	\$ 174,432	\$ 135,626	\$ 38,806
Construction Services	1,473,364	8,252	1,481,616	49,484	1,432,132
Other Objects	134,221	-	134,221	134,221	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>1,758,797</u>	<u>31,472</u>	<u>1,790,269</u>	<u>319,331</u>	<u>1,470,938</u>
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>				<u>472,599</u>	<u>(472,599)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,758,797</u>	<u>353,737</u>	<u>2,112,534</u>	<u>1,056,124</u>	<u>1,056,410</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction</b>					
Salaries of teachers	16,080	(2,956)	13,124	13,124	
General Supplies	1,200	1,200	2,400	1,577	823
<b>Total Instruction</b>	<u>17,280</u>	<u>(1,756)</u>	<u>15,524</u>	<u>14,701</u>	<u>823</u>
<b>Total Summer School</b>	<u>17,280</u>	<u>(1,756)</u>	<u>15,524</u>	<u>14,701</u>	<u>823</u>
<b>Other Special Schools - Instruction</b>					
Salaries of Teachers	62,290	13,000	75,290	75,046	244
General Supplies	900	-	900	-	900
<b>Total Other Special Schools - Instruction</b>	<u>63,190</u>	<u>13,000</u>	<u>76,190</u>	<u>75,046</u>	<u>1,144</u>
<b>Total Other Special Schools</b>	<u>63,190</u>	<u>13,000</u>	<u>76,190</u>	<u>75,046</u>	<u>1,144</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>80,470</u>	<u>11,244</u>	<u>91,714</u>	<u>89,747</u>	<u>1,967</u>
<b>TOTAL EXPENDITURES</b>	<u>54,222,051</u>	<u>1,334,798</u>	<u>55,556,849</u>	<u>56,245,608</u>	<u>(688,759)</u>
<b>Excess (Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,624,576)</u>	<u>(1,334,798)</u>	<u>(2,959,374)</u>	<u>298,372</u>	<u>3,257,746</u>
<b>Other Financing Sources (uses):</b>					
Capital reserve transfers to Capital Projects Fund		(818,250)	(818,250)	(818,250)	
Capital Leases (non-budgeted)		-	-	472,599	472,599
<b>Total Other Financing Sources (uses):</b>		<u>(818,250)</u>	<u>(818,250)</u>	<u>(345,651)</u>	<u>472,599</u>
<b>(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing (uses )</b>	<u>(1,624,576)</u>	<u>(2,153,048)</u>	<u>(3,777,624)</u>	<u>(47,279)</u>	<u>3,730,345</u>
<b>Fund Balance, July 1</b>	<u>5,454,386</u>	<u>-</u>	<u>5,454,386</u>	<u>5,454,386</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 3,829,810</u>	<u>\$ (2,153,048)</u>	<u>\$ 1,676,762</u>	<u>\$ 5,407,107</u>	<u>\$ 3,730,345</u>
<b>Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:</b>					
Adjustment for Prior Year Encumbrances		\$ (1,122,815)	\$ (1,122,815)	\$ (1,122,815)	
Budgeted Fund Balance	\$ (1,260,451)	(211,983)	(1,472,434)	(106,839)	\$ 1,365,595
Withdrawal from Capital Reserve	(364,125)	(818,250)	(1,182,375)	1,182,375	2,364,750
<b>Total</b>	<u>\$ (1,624,576)</u>	<u>\$ (2,153,048)</u>	<u>\$ (3,777,624)</u>	<u>\$ (47,279)</u>	<u>\$ 3,730,345</u>
<b>Recapitulation and Fund Balance:</b>					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 279,946	
Reserved - Excess Surplus				271,277	
Capital Reserve				2,956,750	
Assigned to:					
Year End Encumbrances				533,174	
Unassigned Fund Balance				<u>1,365,960</u>	
				<u>\$ 5,407,107</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance				\$ 5,407,107	
Final State Aid Payments Not Realized on GAAP Basis				<u>(20,848)</u>	
<b>Fund balance per Government Funds (GAAP)</b>				<u>\$ 5,386,259</u>	

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Special Revenue Fund  
Year Ended June 30, 2011

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 165,784	\$ 23,078	\$ 188,862	\$ 158,649	\$ (30,213)
Federal Sources	712,777	577,520	1,290,297	1,235,357	(54,940)
Local Sources	-	283,693	283,693	181,398	(102,295)
<b>Total Revenues</b>	<u>\$ 878,561</u>	<u>\$ 884,291</u>	<u>\$ 1,762,852</u>	<u>\$ 1,575,404</u>	<u>\$ (187,448)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries		\$ 3,457	\$ 3,457	\$ 3,457	
Salaries of Teachers	\$ 10,895	77,443	88,338	88,338	
Purchased Professional and Technical Services		9,909	9,909	6,394	\$ 3,515
Purchased Professional and Educational Services	135,769	19,543	155,312	133,861	21,451
Tuition	669,324	178,286	847,610	847,610	
General Supplies	209	314,266	314,475	253,555	60,920
Textbooks	30,935	(184)	30,751	22,808	7,943
Other Objects	1,100	100	1,200	1,200	-
<b>Total Instruction</b>	<u>848,232</u>	<u>602,820</u>	<u>1,451,052</u>	<u>1,357,223</u>	<u>93,829</u>
<b>Support Services</b>					
Other Salaries		1,800	1,800		1,800
Personal Services - Employee Benefits	2,128	8,753	10,881	10,881	-
Purchased Professional and Educational Services	20,800	203,905	224,705	169,823	54,882
Other Purchased Services	2,476	(2,476)			
Supplies and Materials	4,925	37,072	41,997	20,797	21,200
<b>Total Support Services</b>	<u>30,329</u>	<u>249,054</u>	<u>279,383</u>	<u>201,501</u>	<u>77,882</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment	-	32,417	32,417	16,680	15,737
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>32,417</u>	<u>32,417</u>	<u>16,680</u>	<u>15,737</u>
<b>Total Expenditures</b>	<u>878,561</u>	<u>884,291</u>	<u>1,762,852</u>	<u>1,575,404</u>	<u>187,448</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Note to Required Supplementary Information  
Budget to GAAP Reconciliation  
Year Ended June 30, 2011

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (C-1, C-2)	\$ 56,543,980	\$ 1,575,404
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Current Year		(17,431)
Prior Year (net of cancellations)		38,730
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	292,818	
State aid payments recognized in current year for budgetary purposes, not recognized for GAAP statements:	<u>(20,848)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2).	<u>\$ 56,815,950</u>	<u>\$ 1,596,703</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 56,245,608	\$ 1,575,404
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>21,299</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 56,245,608</u>	<u>\$ 1,596,703</u>

*This page left blank intentionally*



Other 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, 2011**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>				
State Sources	\$ 158,649	\$ 158,649		
Federal Sources	1,235,357		\$ 1,235,357	
Local Sources	181,398	-	-	\$ 181,398
<b>Total Revenues</b>	<u>\$ 1,575,404</u>	<u>\$ 158,649</u>	<u>\$ 1,235,357</u>	<u>\$ 181,398</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Personal Services - Salaries	\$ 3,457			\$ 3,457
Salaries of Teachers	88,338		\$ 74,881	13,457
Purchased Professional / Technical Services	6,394	\$ 6,394		
Purchased Professional and Educational Services	133,861	129,447	1,000	3,414
Tuition	847,610		847,610	
General Supplies	253,555		118,604	134,951
Textbooks	22,808	22,808		
Other Objects	1,200	-	1,200	-
	<u>1,357,223</u>	<u>158,649</u>	<u>1,043,295</u>	<u>155,279</u>
<b>Total Instruction</b>				
<b>Support Services:</b>				
Personal Services - Employee Benefits	10,881		10,881	
Purchased Professional and Educational Service	169,823		169,823	
Supplies and Materials	20,797		11,358	9,439
<b>Total Support Services</b>	<u>201,501</u>		<u>192,062</u>	<u>9,439</u>
<b>Facilities Acquisition and Const. Serv.:</b>				
Instructional Equipment	16,680			16,680
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>16,680</u>			<u>16,680</u>
<b>Total Expenditures</b>	<u>1,575,404</u>	<u>158,649</u>	<u>1,235,357</u>	<u>181,398</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
Year Ended June 30, 2011**

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxiliary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Nursing Services</u>
<b>REVENUES</b>					
State Sources	\$ 158,649	\$ 22,808	\$ 18,923	\$ 80,481	\$ 36,437
<b>Total State Revenues</b>	<u>\$ 158,649</u>	<u>\$ 22,808</u>	<u>\$ 18,923</u>	<u>\$ 80,481</u>	<u>\$ 36,437</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Purchased Professional / Technical Services	\$ 6,394			\$ 6,394	
Purchased Professional and Educational Service	129,447		\$ 18,923	74,087	\$ 36,437
Textbooks	22,808	\$ 22,808	-	-	-
<b>Total Instruction</b>	<u>158,649</u>	<u>22,808</u>	<u>18,923</u>	<u>80,481</u>	<u>36,437</u>
<b>Total Expenditures</b>	<u>\$ 158,649</u>	<u>\$ 22,808</u>	<u>\$ 18,923</u>	<u>\$ 80,481</u>	<u>\$ 36,437</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures</b>	<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, 2011**

	N.C.L.B.				I.D.E.I.A.				
	Total	Title II-A	Title II-A Carryover	Title III	Basic	Basic Carryover	Basic ARRA	Preschool	Preschool ARRA
<b>REVENUES</b>									
Federal Sources	\$ 1,235,357	\$ 54,007	\$ 12,360	\$ 10,736	\$ 730,082	\$ 60,116	\$ 330,415	\$ 23,989	\$ 13,652
<b>Total Federal Revenues</b>	<u>\$ 1,235,357</u>	<u>\$ 54,007</u>	<u>\$ 12,360</u>	<u>\$ 10,736</u>	<u>\$ 730,082</u>	<u>\$ 60,116</u>	<u>\$ 330,415</u>	<u>\$ 23,989</u>	<u>\$ 13,652</u>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Personal Services - Salaries									
Salaries of Teachers	\$ 74,881	\$ 32,955					\$ 41,926		
Purchased Professional and Educational Services	1,000	1,000							
Tuition	847,610				\$ 611,049	\$ 33,308	179,264	\$ 23,989	
General Supplies	118,604	1,631	\$ 10,348	\$ 10,736	13,021		69,216		\$ 13,652
Other Objects	1,200	1,200	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>1,043,295</u>	<u>36,786</u>	<u>10,348</u>	<u>10,736</u>	<u>624,070</u>	<u>33,308</u>	<u>290,406</u>	<u>23,989</u>	<u>13,652</u>
<b>Support Services:</b>									
Employee Benefits	10,881	2,521					8,360		
Purchased Professional and Educational Services	169,823	14,700			98,403	26,808	29,912		
Supplies and Materials	11,358	-	2,012		7,609	-	1,737		
<b>Total Support Services</b>	<u>192,062</u>	<u>17,221</u>	<u>2,012</u>		<u>106,012</u>	<u>26,808</u>	<u>40,009</u>		
<b>Total Expenditures</b>	<u>\$ 1,235,357</u>	<u>\$ 54,007</u>	<u>\$ 12,360</u>	<u>\$ 10,736</u>	<u>\$ 730,082</u>	<u>\$ 60,116</u>	<u>\$ 330,415</u>	<u>\$ 23,989</u>	<u>\$ 13,652</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>									
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*This page left blank intentionally*



CAPITAL PROJECTS FUND



**BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS**  
Summary Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis  
Year Ended June 30, 2011

**REVENUES AND OTHER FINANCING SOURCES**

State Sources	
SDA Grants	\$ 409,251
Local Sources	
Transfer from Capital Reserve	<u>818,250</u>
Total Revenue From Local Sources	<u>818,250</u>
 Total revenues	 <u>1,227,501</u>

**EXPENDITURES**

Other Purchased Professional and Technical Services	13,984
Construction Services	<u>158,873</u>
Total Expenditures	<u>172,857</u>

Excess of Revenues Under Expenditures 1,054,644

Fund Balance - July 1 730,383  
Fund Balance - June 30 \$ 1,785,027

## Reconciliation to Governmental Funds Statements (GAAP):

SDA Grant Receivable not Recognized on GAAP Basis	\$ (515,149)	
SDA Unexpended Proceeds Not Recognizable on a GAAP Basis	<u>(71,940)</u>	
		<u>(587,089)</u>

Fund Balance per Governmental Funds (GAAP) \$ 1,197,938

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Lafayette Elementary School**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 1,194,049		\$ 1,194,049	\$ 1,194,049
Bond Proceeds	4,048,386		4,048,386	4,048,215
Bonds Authorized but Not Issued	-		-	171
Total Revenues	<u>5,242,435</u>		<u>5,242,435</u>	<u>5,242,435</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services	640,223		640,223	640,223
Construction Services	4,241,363	\$ 180	4,241,543	4,538,296
Other Objects	63,916	-	63,916	63,916
Total Expenditures	<u>4,945,502</u>	<u>180</u>	<u>4,945,682</u>	<u>\$ 5,242,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 296,933</u>	<u>\$ (180)</u>	<u>\$ 296,753</u>	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-050-05-1000			
Grant Date	7/12/05			
Bond Authorization Date	7/26/05			
Bonds Authorized	\$ 4,048,386			
Bonds Issued	4,048,386			
Original Authorized Cost	5,357,000			
Additional Authorized Cost	(114,565)			
Revised Authorized Cost	\$ 5,242,435			
Percentage (Decrease) over Original Authorized Cost	-2%			
Percentage Completed	100%			
Original Target Completion Date	9/07			
Revised Target Completion Date	Complete			

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Chatham High School Roofing Project**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 187,017		\$ 187,017	\$ 187,017
Transfer From Capital Outlay	280,525		280,525	280,525
Total Revenues	<u>467,542</u>		<u>467,542</u>	<u>467,542</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services	29,873		29,873	29,873
Construction Services	426,794		426,794	437,669
Total Expenditures	<u>456,667</u>		<u>456,667</u>	<u>\$ 467,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,875</u>	<u>\$ -</u>	<u>\$ 10,875</u>	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-010-24-2000			
Grant Date	10/1/04			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 467,542			
Additional Authorized Cost				
Revised Authorized Cost	\$ 467,542			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completed	100%			
Original Target Completion Date	9/04			
Revised Target Completion Date	Complete			

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Replacement of Southern Boulevard School Roof and Partial Replacement of Chatham Middle School Roof**  
**Chatham High School Partial Roof Replacement**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 520,000	\$ (136,249)	\$ 383,751	\$ 383,751
Transfer From Capital Outlay	780,000	-	780,000	780,000
Total Revenues	<u>1,300,000</u>	<u>(136,249)</u>	<u>1,163,751</u>	<u>1,163,751</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services	66,697		66,697	125,000
Construction Services	810,557	96,798	907,355	1,038,751
Total Expenditures	<u>877,254</u>	<u>96,798</u>	<u>974,052</u>	<u>\$ 1,163,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 422,746</u>	<u>\$ (233,047)</u>	<u>\$ 189,699</u>	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-010-09-1001			
Grant Date	6/12/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,800,000			
Additional Authorized Cost	(636,249)			
Revised Authorized Cost	\$ 1,163,751			
Percentage (Decrease) over Original Authorized Cost	(35%)			
Percentage Completed	100%			
Original Target Completion Date	9/1/09			
Revised Target Completion Date	Complete			

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Washington Avenue Elementary School Partial Roof Replacement**  
**Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 45,800	\$ 45,800	\$ 45,800
Transfer From Capital Reserve		68,700	68,700	68,700
Total Revenues		<u>114,500</u>	<u>114,500</u>	<u>114,500</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services		3,293	3,293	26,420
Construction Services		<u>5,488</u>	<u>5,488</u>	<u>88,080</u>
Total Expenditures		<u>8,781</u>	<u>8,781</u>	<u>\$ 114,500</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 105,719	\$ 105,719	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-070-10-1002			
Grant Date	6/29/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 114,500			
Additional Authorized Cost				
Revised Authorized Cost	\$ 114,500			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completed	8%			
Original Target Completion Date	December 2011			
Revised Target Completion Date	December 2011			

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Chatham Middle School Conversion of Workshop to a Science Lab and Classrooms**  
**Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 236,000	\$ 236,000	\$ 236,000
Transfer From Capital Reserve		354,000	354,000	354,000
Total Revenues		<u>590,000</u>	<u>590,000</u>	<u>590,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services		6,454	6,454	115,000
Construction Services		<u>45,531</u>	<u>45,531</u>	<u>475,000</u>
Total Expenditures		<u>51,985</u>	<u>51,985</u>	<u>\$ 590,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 538,015	\$ 538,015	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-030-10-1003			
Grant Date	6/29/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 590,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 590,000			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completed	9%			
Original Target Completion Date	December 2011			
Revised Target Completion Date	December 2011			



**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Lafayette Elementary School Partial Roof Replacement**  
**Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant		\$ 263,700	\$ 263,700	\$ 263,700
Transfer From Capital Reserve		395,550	395,550	395,550
Total Revenues		<u>659,250</u>	<u>659,250</u>	<u>659,250</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services		4,237	4,237	131,850
Construction Services		<u>10,876</u>	<u>10,876</u>	<u>527,400</u>
Total Expenditures		<u>15,113</u>	<u>15,113</u>	<u>\$ 659,250</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 644,137	\$ 644,137	
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	0785-050-10-1001			
Grant Date	6/29/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 659,250			
Additional Authorized Cost				
Revised Authorized Cost	\$ 659,250			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completed	2%			
Original Target Completion Date	December 2011			
Revised Target Completion Date	December 2011			

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Capital Projects Fund

Summary Schedule of Project Expenditures  
Year Ended June 30, 2011

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2011
			Prior Years	Current Year	
Chatham High School Roof Replacement	6/12/2009	\$ 1,163,751	\$ 877,254	\$ 96,798	\$ 189,699
Chatham High School Roofing Project	10/1/2004	467,542	456,667		10,875
Lafayette Elementary School	7/12/2005	5,242,435	4,945,502	180	296,753
Washington Avenue School Partial Roof Replacement	6/29/2011	114,500		8,781	105,719
Middle School Conversion of Workshop	6/29/2011	590,000		51,985	538,015
Lafayette School Partial Replacement	6/29/2011	659,250	-	15,113	644,137
Totals		<u>\$ 8,237,478</u>	<u>\$ 6,279,423</u>	<u>\$ 172,857</u>	<u>\$ 1,785,198</u>
Bond proceeds - 2005 Referendum		\$ 4,048,215		Bonds authorized	
State Grant (SDA)		2,310,317		but not issued	171
Transfer From Capital Outlay		1,060,525		Balance per F-1	<u>\$ 1,785,027</u>
Transfer From Capital Reserve		818,250			
Bonds Authorized But Not Issued		171			
Total referendum		<u>\$ 8,237,478</u>			

FIDUCIARY FUNDS



**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Student Activity Agency Fund**  
**Schedule of Cash Receipts and Cash Disbursements**  
**Year Ended June 30, 2011**

<u>Schools</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Elementary Schools:				
Southern Boulevard	\$ 20,499	\$ 23,145	\$ 30,897	\$ 12,747
Milton Avenue	7,995	13,185	13,765	7,415
Lafayette Avenue	36,282	48,754	46,218	38,818
Washington Avenue	765	230	335	660
Middle School:				
Activity	118,842	166,939	181,701	104,080
High School:				
Activity	212,421	533,688	521,401	224,708
Athletic	<u>10,720</u>	<u>15,898</u>	<u>17,198</u>	<u>9,420</u>
	<u>\$ 407,524</u>	<u>\$ 801,839</u>	<u>\$ 811,515</u>	<u>\$ 397,848</u>

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Payroll Agency Fund  
Schedule of Cash Receipts and Cash Disbursements  
Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 299,301	\$ 54,621,171	\$ 54,076,884	\$ 843,588
Total Assets	<u>\$ 299,301</u>	<u>\$ 54,621,171</u>	<u>\$ 54,076,884</u>	<u>\$ 843,588</u>
LIABILITIES:				
Interfund Payable		\$ 1,297	\$ 1,297	
Salaries and Wages Payable		36,867,652	36,867,652	
Payroll Deductions and Withholdings Payable	\$ 299,301	17,752,222	17,207,935	\$ 843,588
	<u>\$ 299,301</u>	<u>\$ 54,621,171</u>	<u>\$ 54,076,884</u>	<u>\$ 843,588</u>

LONG-TERM DEBT





BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Long - Term Debt  
Schedule of Serial Bonds Payable  
Year Ended June 30, 2011

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2011		Interest Rate	Balance July 1, 2010	Retired Current Year	Balance June 30, 2011
			Date	Amount				
School Improvements	2/1/1995	\$ 4,993,000	8/1/2011	\$ 315,000	4.60%	\$ 1,805,000	\$ 320,000	\$ 1,485,000
			8/1/2012	315,000				
			8/1/2013	310,000				
			8/1/2014	305,000				
			8/1/2015	240,000				
School Improvements	5/17/2001	19,038,000				440,000	440,000	
Refunding Bonds - Series 2001	6/1/2005	16,950,000	1/15/2012	550,000	4.000%	16,365,000	60,000	16,305,000
			1/15/2013	585,000	4.000%			
			1/15/2014	630,000	5.000%			
			1/15/2015	680,000	5.000%			
			1/15/2016	795,000	4.000%			
			1/15/2017	1,070,000	4.000%			
			1/15/2018	1,115,000	4.000%			
			1/15/2019	1,165,000	4.050%			
			1/15/2020	1,215,000	4.500%			
			1/15/2021	1,270,000	4.500%			
			1/15/2022	1,330,000	4.125%			
			1/15/2023	1,380,000	4.125%			
			1/15/2024	1,445,000	4.250%			
			1/15/2025	1,505,000	4.250%			
			1/15/2026	1,570,000	4.250%			
School Improvements	7/26/2005	20,525,000	7/15/2011	300,000	4.250%	19,200,000	290,000	18,910,000
			7/15/2012	310,000	4.250%			
			7/15/2013	330,000	4.250%			
			7/15/2014	340,000	4.250%			
			7/15/2015	355,000	4.250%			
			7/15/2016	375,000	4.250%			
			7/15/2017	390,000	4.250%			
			7/15/2018	405,000	4.250%			
			7/15/2019	425,000	4.250%			
			7/15/2020	440,000	4.250%			
			7/15/2021	460,000	4.250%			
			7/15/2022	485,000	4.250%			
			7/15/2023	505,000	4.250%			
			7/15/2024	530,000	4.375%			
			7/15/2025	555,000	4.375%			
			7/15/2026	2,305,000	4.375%			
			7/15/2027	2,415,000	4.375%			
			7/15/2028	2,535,000	4.375%			
			7/15/2029	2,660,000	4.375%			
			7/15/2030	2,790,000	4.375%			
						-	-	-
						\$ 37,810,000	\$ 1,110,000	\$ 36,700,000

BOARD OF EDUCATION  
SCHOOL DISTRICT OF THE CHATHAMS  
Long - Term Debt  
Schedule of Obligations Under Capital Leases  
Year Ended June 30, 2011

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
2010 Computers	3.05%	\$ 564,226	\$ 369,998		\$ 181,477	\$ 188,521
2011 Computers	8.89%	472,599	-	\$ 472,599	171,131	301,468
			<u>\$ 369,998</u>	<u>\$ 472,599</u>	<u>\$ 352,608</u>	<u>\$ 489,989</u>

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF THE CHATHAMS**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,729,615		\$ 2,729,615	\$ 2,729,615	
<b>Total Revenues</b>	<u>2,729,615</u>		<u>2,729,615</u>	<u>2,729,615</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	1,619,615		1,619,615	1,619,615	
Redemption of Principal	<u>1,110,000</u>		<u>1,110,000</u>	<u>1,110,000</u>	
Total Regular Debt Service	<u>2,729,615</u>		<u>2,729,615</u>	<u>2,729,615</u>	
<b>Total Expenditures</b>	<u>2,729,615</u>		<u>2,729,615</u>	<u>2,729,615</u>	
Excess of Revenues Over Expenditures	-		-	-	
Fund Balance, July 1	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

*This page left blank intentionally*





**Statistical Section  
Unaudited**

**Contents**

**Financial Trends**

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year. Ten years of information has been provided where available.*





School District of the Chathams  
Net Assets by Component  
Last Nine Fiscal Years

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009 (as restated)	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 20,025,770	\$ 20,275,842	\$ 25,142,393	\$ 25,496,420	\$ 31,937,828	\$ 32,371,993	\$ 31,219,240	\$ 32,032,424	\$ 31,969,490
Restricted	1,597,279	1,171,379	1,040,939	1,038,786	725,831	490,427	2,609,775	2,333,377	4,705,913
Unrestricted (deficit)	(1,522,616)	(930,153)	(921,882)	(1,779,022)	(1,808,803)	(1,883,651)	(1,649,525)	430,767	(1,131,629)
<b>Total governmental activities net assets</b>	<b>\$ 20,100,433</b>	<b>\$ 20,517,068</b>	<b>\$ 25,261,450</b>	<b>\$ 24,756,184</b>	<b>\$ 30,854,856</b>	<b>\$ 30,978,769</b>	<b>\$ 32,179,490</b>	<b>\$ 34,796,568</b>	<b>\$ 35,543,774</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 23,662	\$ 31,010	\$ 129,094	\$ 113,646	\$ 98,229	\$ 71,218	\$ 87,525	\$ 161,450	\$ 174,608
Unrestricted	23,123	1,244	64,482	51,664	99,426	113,137	130,381	42,218	35,346
<b>Total business-type activities net assets</b>	<b>\$ 46,785</b>	<b>\$ 32,254</b>	<b>\$ 193,576</b>	<b>\$ 165,310</b>	<b>\$ 197,655</b>	<b>\$ 184,355</b>	<b>\$ 217,906</b>	<b>\$ 203,668</b>	<b>\$ 209,954</b>
<b>Government-wide</b>									
Invested in capital assets, net of related debt	\$ 20,049,432	\$ 20,306,852	\$ 25,271,487	\$ 25,610,066	\$ 32,036,057	\$ 32,443,211	\$ 31,306,765	\$ 32,193,874	\$ 32,144,098
Restricted	1,597,279	1,171,379	1,040,939	1,038,786	725,831	490,427	2,609,775	2,333,377	4,705,913
Unrestricted (deficit)	(1,499,493)	(928,909)	(857,400)	(1,727,358)	(1,709,377)	(1,770,514)	(1,519,144)	472,985	(1,096,283)
<b>Total district net assets</b>	<b>\$ 20,147,218</b>	<b>\$ 20,549,322</b>	<b>\$ 25,455,026</b>	<b>\$ 24,921,494</b>	<b>\$ 31,052,511</b>	<b>\$ 31,163,124</b>	<b>\$ 32,397,396</b>	<b>\$ 35,000,236</b>	<b>\$ 35,753,728</b>

Source: CAFR Schedule A-1 and District records.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to the year of implementation of GASB 34 and additional years will be added until ten years are presented.

School District of the Chathams  
Changes in Net Assets  
Last Nine Fiscal Years

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009 (as restated)	2010	2011
<b>Expenses</b>									
Governmental activities									
Instruction	\$ 22,498,314	\$ 23,445,068	\$ 25,614,353	\$ 27,773,842	\$ 31,676,286	\$ 32,061,639	\$ 32,644,658	\$ 34,300,465	\$ 35,971,049
Support services:									
Student & instruction related services	5,647,537	6,328,881	6,578,114	6,441,483	7,076,956	7,181,385	7,153,721	6,921,714	7,479,594
School administration services	1,853,403	2,006,613	2,560,385	2,634,953	3,176,981	3,268,167	3,582,335	3,374,483	3,566,723
General and Business administration services	937,912	952,743	1,027,331	2,963,624	3,154,790	4,149,288	3,191,917	2,638,306	2,575,899
Operation and Maintenance of Plant Services	3,883,908	4,403,089	4,719,888	4,963,341	4,723,190	6,352,217	6,137,686	5,952,210	6,606,069
Student transportation services	1,347,771	1,309,138	1,599,789	1,755,215	1,956,925	1,945,282	2,045,509	2,222,207	2,436,111
Business and other support services and benefits	497,847	540,961	807,353	63,071					
Capital outlay		209,559	151,615						
Special Schools					49,025	78,748	87,400	99,470	121,736
Interest and other costs on long term debt	1,143,830	1,111,983	790,781	1,818,141	1,903,601	1,868,878	1,816,950	1,768,979	1,701,122
Unallocated depreciation	684,833	685,603	853,809						
Total governmental activities	<u>38,495,355</u>	<u>40,993,638</u>	<u>44,703,418</u>	<u>48,413,670</u>	<u>53,717,754</u>	<u>56,905,604</u>	<u>56,660,176</u>	<u>57,277,834</u>	<u>60,458,303</u>
Business-type activities:									
Food service	536,434	550,164	554,555	662,931	656,450	699,032	819,534	906,257	930,380
Cougar Cubs								29,918	68,299
Total business-type activities expense	<u>536,434</u>	<u>550,164</u>	<u>554,555</u>	<u>662,931</u>	<u>656,450</u>	<u>699,032</u>	<u>819,534</u>	<u>936,175</u>	<u>998,679</u>
Total government-wide expenses	<u>\$ 39,031,789</u>	<u>\$ 41,543,802</u>	<u>\$ 45,257,973</u>	<u>\$ 49,076,601</u>	<u>\$ 54,374,204</u>	<u>\$ 57,604,636</u>	<u>\$ 57,479,710</u>	<u>\$ 58,214,009</u>	<u>\$ 61,456,982</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$ -	\$ 72,834	\$ 36,786	\$ 39,189	\$ 21,754	\$ 12,347	\$ 16,301	\$ 5,000	\$ 60,500
Pupil transportation			50,605	51,302	45,770	63,811	77,660	95,854	102,737
Operating grants and contributions	4,966,841	5,511,285	5,789,773	1,006,150	1,091,368	1,472,537	1,173,823	1,706,209	1,596,703
Capital grants and contributions	68,359		178,601	585,446	4,855,625	639,500	61,571	327,043	63,241
Total governmental activities program revenues	<u>5,035,200</u>	<u>5,584,119</u>	<u>6,055,775</u>	<u>1,682,087</u>	<u>6,014,717</u>	<u>2,188,195</u>	<u>1,329,355</u>	<u>2,133,908</u>	<u>1,823,181</u>
Business-type activities:									
Charges for services									
Food service	441,582	483,153	546,421	582,335	632,928	696,027	767,061	835,552	895,670
Cougar Cubs							34,535	24,664	39,018
Operating grants and contributions				44,293	49,195	40,613	50,251	61,721	70,277
Total business type activities program revenues	<u>441,582</u>	<u>483,153</u>	<u>546,421</u>	<u>626,628</u>	<u>682,123</u>	<u>736,640</u>	<u>851,847</u>	<u>921,937</u>	<u>1,004,965</u>
Total government-wide program revenues	<u>\$ 5,476,782</u>	<u>\$ 6,067,272</u>	<u>\$ 6,602,196</u>	<u>\$ 2,308,715</u>	<u>\$ 6,696,840</u>	<u>\$ 2,924,835</u>	<u>\$ 2,181,202</u>	<u>\$ 3,055,843</u>	<u>\$ 2,828,146</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (33,460,155)	\$ (35,409,519)	\$ (38,647,643)	\$ (46,731,583)	\$ (47,703,037)	\$ (54,717,409)	\$ (55,330,821)	\$ (55,143,928)	\$ (58,635,122)
Business-type activities	(94,852)	(67,011)	(8,134)	(36,303)	25,673	37,608	32,313	(14,238)	6,286
Total government-wide net (expense)/revenue	<u>\$ (33,555,007)</u>	<u>\$ (35,476,530)</u>	<u>\$ (38,655,777)</u>	<u>\$ (46,767,886)</u>	<u>\$ (47,677,364)</u>	<u>\$ (54,679,801)</u>	<u>\$ (55,298,508)</u>	<u>\$ (55,158,166)</u>	<u>\$ (58,628,836)</u>

School District of the Chathams  
Changes in Net Assets  
Last Nine Fiscal Years

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
							(as restated)		
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 30,794,590	\$ 33,588,118	\$ 36,329,845	\$ 38,805,408	\$ 40,389,273	\$ 43,699,999	\$ 47,002,553	\$ 48,024,764	\$ 51,559,756
Taxes levied for debt service	1,647,101	1,734,034	1,657,239	1,656,755	3,216,025	2,925,392	2,790,669	2,728,257	2,729,615
Unrestricted grants and contributions	115,096	474,924	502,664	5,859,666	7,732,300	7,927,631	6,479,136	6,895,706	4,782,789
Investment earnings				730,142	826,333	148,834	14,644	17,334	14,064
Loss on disposal of capital assets					(73,907)				
Miscellaneous income	165,066	95,800	225,414	174,347	123,447	139,476	244,540	294,945	296,104
Total governmental activities	<u>32,721,853</u>	<u>35,892,876</u>	<u>38,715,162</u>	<u>47,226,316</u>	<u>52,213,471</u>	<u>54,841,332</u>	<u>56,531,542</u>	<u>57,761,006</u>	<u>59,382,328</u>
Business-type activities:									
Grants and contributions	56,069	51,444	51,595						
Investment earnings	1,126	1,036	3,816	8,037	6,672	8,769	1,238		
Total business-type activities	<u>57,195</u>	<u>52,480</u>	<u>55,411</u>	<u>8,037</u>	<u>6,672</u>	<u>8,769</u>	<u>1,238</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 32,779,048</u>	<u>\$ 35,945,356</u>	<u>\$ 38,770,573</u>	<u>\$ 47,234,353</u>	<u>\$ 52,220,143</u>	<u>\$ 54,850,101</u>	<u>\$ 56,532,780</u>	<u>\$ 57,761,006</u>	<u>\$ 59,382,328</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ (738,302)	\$ 483,357	\$ 67,519	\$ 494,733	\$ 4,510,434	\$ 123,923	\$ 1,200,721	\$ 2,617,078	\$ 747,206
Business-type activities	(37,657)	(14,531)	47,277	(28,266)	32,345	46,377	33,551	(14,238)	6,286
Total district	<u>\$ (775,959)</u>	<u>\$ 468,826</u>	<u>\$ 114,796</u>	<u>\$ 466,467</u>	<u>\$ 4,542,779</u>	<u>\$ 170,300</u>	<u>\$ 1,234,272</u>	<u>\$ 2,602,840</u>	<u>\$ 753,492</u>

Source: CAFR Schedule A-2 and District records.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to the year of implementation of GASB 34 and additional years will be added until ten years are presented.

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

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 32,534	\$ 169,761	\$ 324,278	\$ 864,926	\$ 518,205	\$ 1,129,118	\$ 2,022,567	\$ 2,966,886	
Unreserved	328,658	1,026,850	556,576	1,178,088	1,390,849	445,521	781,328	2,194,682	
Restricted									\$ 3,507,973
Assigned to									533,174
Unassigned									1,345,112
Total general fund	<u>\$ 361,192</u>	<u>\$ 1,196,611</u>	<u>\$ 880,854</u>	<u>\$ 2,043,014</u>	<u>\$ 1,909,054</u>	<u>\$ 1,574,639</u>	<u>\$ 2,803,895</u>	<u>\$ 5,161,568</u>	<u>\$ 5,386,259</u>
All Other Governmental Funds									
Reserved	\$ 676,096	\$ 376,642	\$ 2,963,068	\$ 11,502,294	\$ 2,719,255	\$ 100,000	\$ 932,255	\$ 96,798	
Unreserved, reported in:									
Special revenue fund (deficit)	(6,477)								
Capital projects fund (deficit)	895,126	624,975	(2,246,408)	7,820,115	493,077	341,009	52,943	392,506	
Debt service fund		1	1	4,729	4,729	1	1	2	
Restricted									\$ 1,197,940
Total all other governmental funds	<u>\$ 1,564,745</u>	<u>\$ 1,001,618</u>	<u>\$ 716,661</u>	<u>\$ 19,327,138</u>	<u>\$ 3,217,061</u>	<u>\$ 441,010</u>	<u>\$ 985,199</u>	<u>\$ 489,306</u>	<u>\$ 1,197,940</u>

Source: CAFR Schedule B-1 and District records.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to 2003 and additional years will be added until ten years are presented.

GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1.L. in the basic financial statements). Prior years have not been restated above and are not required to be.

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

(modified accrual basis of accounting)  
Unaudited

Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Local sources:									
Local tax levy	\$ 32,441,691	\$ 35,322,152	\$ 37,987,084	\$ 40,462,161	\$ 43,605,298	\$ 46,625,391	\$ 49,793,222	\$ 50,753,021	\$ 54,289,371
Transportation	37,558	43,953	50,605	51,302	45,770	63,811	77,660	95,654	102,737
Tuition charges	17,262	28,881	36,796	39,189	21,754	12,347	16,301	5,000	60,500
Interest income				730,142	826,333	148,834	14,644	17,334	14,064
Miscellaneous	130,666	106,456	245,657	269,293	242,024	336,679	412,971	417,752	503,988
Total local sources	32,627,177	35,501,442	38,320,142	41,552,087	44,741,179	47,187,062	50,314,798	51,288,761	54,970,660
State sources	4,619,248	5,356,174	5,769,939	6,632,860	12,803,499	9,068,821	6,774,499	7,229,308	5,004,679
Federal sources	510,628	619,379	680,856	718,237	757,417	773,644	771,600	1,376,843	1,230,170
Total revenue	37,757,053	41,476,995	44,770,937	48,903,184	58,302,095	57,029,527	57,860,897	59,894,912	61,205,509
<b>Expenditures</b>									
Current									
Instruction	17,231,199	17,649,795	18,919,885	20,417,646	21,623,960	21,765,799	22,401,522	24,178,669	25,044,512
Undistributed - current									
Tuition	1,449,459	1,288,038	1,526,935	1,864,882	1,960,712	2,245,509	2,297,823	2,210,229	2,338,936
Attendance/social work				51,375	54,341	56,867	60,304	62,715	65,233
Health services				538,096	537,432	504,508	538,244	533,086	565,778
Other support services	411,788			2,559,688	2,829,548	2,924,226	3,233,644	3,133,076	3,525,735
Student & inst. related services	4,691,264	5,252,605	5,411,497						
Improvement of instruction				882,637	915,507	937,253	855,941	697,162	622,673
Education media library				836,546	815,458	856,013	844,372	776,079	825,710
Other support: instructional staff				137,777	210,960	220,741	133,312	109,834	103,611
General administration services	829,554	797,230	809,635	755,485	988,279	1,686,817	1,076,374	947,610	921,756
School administration services	1,490,820	1,588,985	2,015,422	2,161,151	2,324,601	2,421,735	2,456,224	2,514,209	2,624,611
Central services			563,490	695,617	594,909	672,910	744,412	632,285	675,431
Administrative information technology services			78,709	76,342	66,427	66,379	67,788	482,876	413,660
Required maintenance of plant services	3,458,411	3,786,264	4,105,099	803,416	967,331	893,832	874,508	967,041	1,490,447
Operation and maintenance of plant services				3,536,310	3,824,148	4,226,567	4,446,882	3,921,013	3,942,246
Care and upkeep of grounds								138,864	177,534
Security								60,419	84,636
Student transportation	1,343,609	1,302,282	1,593,387	1,757,328	1,960,504	1,937,315	2,038,321	2,109,563	2,331,566
Unallocated benefits and On-behalf TPAF Contributions	5,581,133	6,587,926	7,542,707	8,290,280	10,376,976	10,508,614	9,285,799	9,718,513	10,561,496
Special schools					41,145	58,210	67,440	74,264	89,747
Charter Schools							9,555	452	
Capital outlay	4,871,183	794,933	1,147,646	2,728,675	22,518,852	4,987,275	1,813,119	1,680,999	1,246,377
Debt Service:									
Principal	505,000	608,000	565,000	950,000	960,000	1,682,283	1,838,891	1,941,898	1,462,608
Interest	1,155,534	1,126,033	1,092,239	702,027	2,256,025	1,818,207	1,764,609	1,706,302	1,630,490
Total expenditures	43,018,952	41,204,703	45,371,651	49,745,278	75,827,113	60,471,060	56,849,084	56,597,358	60,744,793
Excess (Deficiency) of revenues over (under) expenditures	(5,261,899)	272,292	(600,714)	(842,094)	(17,525,018)	(3,441,533)	1,011,813	1,297,554	460,716
<b>Other Financing sources (uses)</b>									
Issuance of bonds				20,525,000					
Proceeds from bond issue				20,792,075					
Payment to bond escrow agent				(20,525,000)					
Accrued interest				(27,140)					
Costs of issuance				(239,935)					
Capital leases	31,053			89,731	1,280,981	331,067	761,632	564,226	472,599
Transfers in					559,612	250,000	783,049	56	818,250
Transfers out					(559,612)	(250,000)	(783,049)	(56)	(818,250)
Total other financing sources (uses)	31,053	-	-	20,614,731	1,280,981	331,067	761,632	564,226	472,599
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(5,230,846)	272,292	(600,714)	19,772,637	(16,244,037)	(3,110,466)	1,773,445	1,861,780	933,315
Fund balance July 1	7,156,783	1,925,937	2,198,229	1,597,515	21,370,152	5,126,115	2,015,649	3,789,094	5,650,874
Fund balance June 30	\$ 1,925,937	\$ 2,198,229	\$ 1,597,515	\$ 21,370,152	\$ 5,126,115	\$ 2,015,649	\$ 3,789,094	\$ 5,650,874	\$ 6,584,189
Debt service as a percentage of noncapital expenditures	4.35%	4.29%	3.75%	3.51%	6.03%	6.31%	6.55%	6.41%	5.20%

Source: District records

Note: Prior years are not available for this District.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to 2003 and additional years will be added until ten years are presented.

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

(modified accrual basis of accounting)  
Unaudited

Year Ended June 30,	Tuition	Interest on Investments	Rentals	Prior Year Refunds	Miscellaneous	Transportation Fees	Annual Totals
2002	\$ 7,194	\$ 367,367	\$ 13,135	\$ 81,105	\$ 9,309	\$ 40,752	\$ 518,862
2003	17,262	76,418	8,005	731	45,512	37,558	185,486
2004	28,881	49,411	13,435	3,307	11,687	43,953	150,674
2005	36,796	106,549	15,069	7,104	85,428	50,605	301,551
2006	39,189	427,770			174,347	51,302	692,608
2007	21,754	266,721	8,412	53,966	61,069	45,770	457,692
2008	12,347	148,834			139,476	63,811	364,468
2009	16,301	11,595		131,229	113,311	77,660	350,096
2010	5,000	17,278	45,770	70,720	178,455	95,654	412,877
2011	60,500	14,064	64,626	16,831	214,647	102,737	473,405

Source: District records

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

Unaudited

Year Ended 12/31	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Public Utilities <sup>a</sup>	Total Assessed Value	Less : Tax Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
<b>Borough of Chatham</b>													
2002	\$ 5,718,775	\$ 646,847,644	None	\$ 100,000	\$ 106,069,700	\$ 9,049,500	\$ 17,875,400	\$ 1,301,854	\$ 786,962,873	\$ 65,311,100	\$ 721,651,773	N/A	\$ 1.700
2003	5,813,275	649,487,444	None	100,000	105,692,600	7,942,200	16,819,300	936,100	786,790,919	65,479,600	721,311,319	\$ 1,505,680,519	1.834
2004	5,784,875	653,607,300	None	100,000	106,101,500	7,942,200	16,819,300	726,856	791,082,031	64,816,000	726,266,031	1,707,949,777	2.012
2005 c	12,685,100	1,739,443,300	None	200,000	220,482,100	15,418,000	41,358,800	1,829,935	2,031,417,235	148,490,100	1,882,927,135	1,842,202,687	0.842
2006	12,997,600	1,744,108,300	None	200,000	220,220,300	15,418,000	40,458,800	1,676,745	2,035,079,745	148,026,500	1,887,053,245	2,047,776,544	0.927
2007	13,555,600	1,751,080,200	None	200,000	217,881,000	13,725,100	39,373,700	1,655,966	2,037,471,566	146,672,700	1,890,798,866	2,229,300,135	0.930
2008	13,630,700	1,759,974,900	None	200,000	217,232,100	21,490,500	39,373,700	1,617,515	2,053,519,415	146,267,600	1,907,251,815	2,425,753,251	0.986
2009	13,630,700	1,764,771,200	None	200,000	217,092,700	21,490,500	39,373,700	1,600,626	2,058,159,426	146,267,600	1,911,891,826	2,357,398,831	1.030
2010	12,881,900	1,772,106,600	None	200,000	216,835,000	21,593,300	39,373,700	1,682,076	2,064,672,576	146,267,600	1,918,404,976	2,271,795,925	1.030
2011	12,657,900	1,772,631,200	None	200,000	212,066,200	21,593,300	39,373,700	1,409,757	2,059,932,057	146,267,600	1,913,664,457	2,331,355,700	1.120
<b>Township of Chatham</b>													
2002	\$ 20,736,200	\$ 1,135,868,000	\$ 4,139,100	\$ 99,710	\$ 66,356,300	\$ 6,156,900	\$ 35,083,100	\$ 988,503	\$ 1,269,427,813	\$ 77,137,500	\$ 1,192,290,313	\$ 1,827,958,040	\$ 1.435
2003	19,417,400	1,166,178,300	3,841,400	99,710	55,126,200	6,156,900	35,083,100	990,279	1,286,893,289	77,553,000	1,209,340,289	1,995,408,625	1.513
2004	19,955,200	1,160,615,105	3,841,400	181,310	70,611,200	6,156,900	29,639,900	887,436	1,291,888,451	79,574,000	1,212,314,451	2,202,993,424	1.606
2005 c	32,899,900	2,487,098,300	10,798,600	513,800	127,975,400	13,725,100	60,260,000	1,365,463	2,734,636,563	148,820,000	2,585,816,563	2,394,796,665	0.811
2006	60,972,700	2,488,667,600	10,721,000	475,100	121,434,900	13,725,100	60,260,000	1,228,357	2,757,484,757	157,771,000	2,599,713,757	2,732,050,104	0.899
2007	51,091,100	2,538,114,699	13,511,800	479,200	190,531,300	13,725,100	54,660,000	1,133,118	2,863,246,317	156,532,000	2,706,714,317	3,089,647,830	0.930
2008	46,219,100	2,638,012,800	13,664,800	455,300	121,926,400	13,725,100	26,525,000	1,135,045	2,861,683,545	159,523,300	2,702,160,245	3,200,792,772	0.975
2009	33,722,900	2,700,613,700	12,433,100	441,100	119,189,900	13,725,100	55,330,000	1,267,858	2,936,723,658	161,760,800	2,774,962,858	3,229,679,613	1.020
2010	31,098,400	2,724,471,100	14,277,500	245,100	119,702,100	13,725,100	56,110,000	1,401,393	2,961,030,693	175,132,800	2,785,897,893	3,193,385,085	1.020
2011	31,381,800	2,749,929,300	14,497,600	247,000	120,292,100	13,725,100	51,000,000	1,542,789	2,982,615,689	176,510,100	2,806,105,589	N/A	1.071

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100

<sup>c</sup> Re-evaluation

N/A - Information not available.

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

Unaudited

Year Ended December 31,	School District of the Chathams Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipality	Morris County	
Borough of Chatham						
2002	\$ 1.65	\$ 0.05	\$ 1.70	\$ 0.69	\$ 0.50	\$ 2.89
2003	1.78	0.05	1.83	0.71	0.56	3.10
2004	1.96	0.05	2.01	0.69	0.61	3.31
2005 c	0.80	0.04	0.84	0.30	0.25	1.39
2006	0.89	0.04	0.93	0.32	0.25	1.50
2007	0.87	0.06	0.93	0.33	0.26	1.52
2008	0.93	0.06	0.99	0.35	0.27	1.60
2009	0.97	0.06	1.03	0.36	0.27	1.66
2010	0.97	0.06	1.03	0.35	0.27	1.65
2011	1.06	0.06	1.12	0.37	0.26	1.75
Township of Chatham						
2002	\$ 1.38	\$ 0.05	\$ 1.44	\$ 0.43	\$ 0.43	\$ 2.30
2003	1.46	0.05	1.51	0.47	0.46	2.44
2004	1.56	0.05	1.61	0.48	0.50	2.59
2005 c	0.77	0.04	0.81	0.27	0.24	1.32
2006	0.86	0.04	0.90	0.29	0.25	1.44
2007	0.87	0.06	0.93	0.30	0.26	1.49
2008	0.92	0.05	0.98	0.31	0.27	1.55
2009	0.97	0.05	1.02	0.33	0.25	1.60
2010	0.97	0.05	1.02	0.33	0.25	1.60
2011	1.02	0.05	1.07	0.33	0.26	1.65

**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.

**c** Re-evaluation



School District of the Chathams  
Principal Property Taxpayers  
Current Year and Prior Year

Unaudited

	2011			2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
<u>Chatham Borough</u>			<u>Chatham Borough</u>		
Normandy Chatham, LLC	\$ 14,025,700	0.68%	Normandy Chatham, LLC	\$ 14,025,700	0.69%
One Main Street Associates	12,500,000	0.61%	One Main Street Associates	13,176,400	0.65%
S/K Chatham Associates	11,794,800	0.57%	S/K Chatham Associates	11,794,800	0.58%
J. Apgar	10,004,500	0.49%	J. Apgar	10,004,500	0.49%
Chatham Project, LLC	7,310,000	0.35%	Town Square Partners	8,103,700	0.40%
Levin Properties, LP	6,884,600	0.33%	Foresome Group LLC	8,100,000	0.40%
Foresome Group	6,610,600	0.32%	Chatham Project, LLC	7,310,000	0.36%
Town Square Partners	5,734,000	0.28%	Levin Properties, LP	6,884,600	0.34%
Hickory Tree Properties	4,530,500	0.22%	Driscoll Properties LP	6,161,900	0.30%
Jackson house Apartments	4,000,000	0.19%	Hickory Tree Properties	4,530,500	0.22%
Total	<u>\$ 83,394,700</u>	<u>4.05%</u>	Total	<u>\$ 90,092,100</u>	<u>4.44%</u>
<u>Township of Chatham</u>			<u>Township of Chatham</u>		
Home Poperties Chatham Hill, LLC	\$ 41,000,000	1.37%	Home Poperties Chatham Hill, LLC	\$ 46,050,000	1.68%
Hickory Square Associates LP	22,360,000	0.75%	Hickory Square Associates LP	22,360,000	0.82%
Fairmount Country Club	18,012,500	0.60%	Fairmount Country Club	18,390,100	0.67%
Texas Eastern Transmission Corp.	15,127,200	0.51%	Texas Eastern Transmission Corp.	15,127,200	0.55%
Giralda Farms	11,881,800	0.40%	Rosepond LLC	13,560,600	0.50%
Transcontinental Gas Pipeline Corp.	10,198,800	0.34%	Giralda Farms	11,881,800	0.43%
Chatham Hills, Inc.	10,000,000	0.34%	Transcontinental Gas Pipeline Corp.	10,976,300	0.40%
Juniper Assisted Living Residence	9,666,000	0.32%	Chatham Hills, Inc.	10,000,000	0.37%
Rosepond LLC	9,585,600	0.32%	Juniper Assisted Living Residence	9,666,000	0.35%
Hanks and Condon, LLC	7,466,000	0.25%	Hanks and Condon, LLC	7,466,000	0.27%
Total	<u>\$ 155,297,900</u>	<u>5.21%</u>	Total	<u>\$ 165,478,000</u>	<u>6.05%</u>

Source: District CAFR & Municipal Tax Assessor.  
Nine years ago information is not available for this District.  
and therefore we presented the most recent information.

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

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year - School District of the Chathams	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 30,680,000	\$ 30,680,000	100.00%	-
2003	32,441,691	32,441,691	100.00%	-
2004	35,322,152	35,322,152	100.00%	-
2005	37,987,084	37,987,084	100.00%	-
2006	40,462,161	40,462,161	100.00%	-
2007	43,605,298	43,605,298	100.00%	-
2008	46,625,391	46,625,391	100.00%	-
2009	49,793,222	49,793,222	100.00%	-
2010	50,753,021	50,753,021	100.00%	-
2011	54,289,371	54,289,371	100.00%	-

Year Ended December 31,	Taxes Levied for the Fiscal Year - Borough of Chatham	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 21,556,971	\$ 21,345,207	99.02%	\$ 211,764
2002	22,797,463	22,498,435	98.69%	299,028
2003	24,429,799	24,231,495	99.19%	198,304
2004	26,234,466	25,921,583	98.81%	312,883
2005	28,293,299	27,997,342	98.95%	295,957
2006	30,643,935	30,242,464	98.69%	401,471
2007	31,176,717	30,870,814	99.02%	305,903
2008	32,899,145	32,583,610	99.04%	315,535
2009	34,236,517	33,861,184	98.90%	375,333
2010	34,818,611	34,148,365	98.08%	670,246

Year Ended December 31,	Taxes Levied for the Fiscal Year - Township of Chatham	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 27,501,983	\$ 27,175,719	98.81%	\$ 326,264
2002	29,394,802	29,031,628	98.76%	363,174
2003	31,534,398	31,152,113	98.79%	382,285
2004	33,702,075	33,157,545	98.38%	544,530
2005	36,266,605	35,846,789	98.84%	419,816
2006	40,194,857	39,756,462	98.91%	438,395
2007	42,580,137	42,025,237	98.70%	554,900
2008	45,332,669	44,771,903	98.76%	560,766
2009	46,405,540	45,773,092	98.64%	632,448
2010	47,709,719	47,036,066	98.59%	673,653

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 voted upon or certified prior to the end of the school year.

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

Unaudited

<u>Governmental Activities</u>					
<u>Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Percentage of Personal Income <sup>a</sup></u>	<u>Per Capita Income <sup>a</sup></u>
2003	\$ 22,501,000	\$ 181,292	\$ 22,682,292	0.25%	\$ 57,018
2004	21,893,000	126,592	22,019,592	0.28%	61,101
2005	22,495,000	34,115	22,529,115	0.28%	63,297
2006	42,070,000	89,575	42,159,575	0.16%	68,364
2007	41,110,000	876,145	41,986,145	0.17%	71,300
2008	39,945,000	689,929	40,634,929	0.18%	71,527
2009	38,870,000	687,870	39,557,870	0.17%	68,251
2010	37,810,000	369,998	38,179,998	*	*
2011	36,700,000	489,989	37,189,989	*	*

Source: District CAFR 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 statements.

\* Information not available

a See J-14 for personal income and population data. These ratios are calculated using personal income and population for the current calendar year.

Information prior to 2003 was not available. The District will continue to add years until 10 are reached.

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	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2002	\$ 23,006,000		\$ 23,006,000	3.19%	\$ 56,535
2003	22,501,000		22,501,000	3.12%	57,018
2004	21,893,000		21,893,000	3.01%	61,101
2005	22,495,000		22,495,000 C	1.19%	63,297
2006	42,070,000		42,070,000	2.23%	68,364
2007	41,110,000		41,110,000	2.17%	71,300
2008	39,945,000		39,945,000	2.09%	71,527
2009	38,870,000		38,870,000	2.03%	68,251
2010	37,810,000		37,810,000	1.97%	**
2011	36,700,000		36,700,000	1.92%	**

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.  
Prior years information is not available for this District.

\*\* This information is not available for this District.

C Reassessment year

School District of the Chathams  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Chatham Township		Not Available	
Chatham Borough		Not Available	
Morris County General Obligation Debt		Not Available	
Subtotal, overlapping debt			Not Available
<b>School District the Chathams</b>			<u>\$ 36,700,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 36,700,000</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 2011

	Chatham Borough	Chatham Township	Equalized valuation basis Total
2010	\$ 2,271,649,336	\$ 3,193,385,088	\$ 5,465,034,424
2009	2,357,398,831	3,229,679,613	5,587,078,444
2008	2,425,753,251	3,200,792,772	5,626,546,023
	<u>\$ 7,054,801,418</u>	<u>\$ 9,623,857,473</u>	<u>\$ 16,678,658,891</u>
Average equalized valuation of taxable property			\$ 5,559,552,964
Debt limit (4% of average equalization value)			\$ 222,382,119 a
Total Net Debt Applicable to Limit			<u>36,700,000</u>
Legal debt margin			<u>\$ 185,682,119</u>

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 104,385,492	\$ 102,252,027	\$ 117,473,901	\$ 153,842,452	\$ 164,165,089	\$ 180,769,779	\$ 196,913,546	\$ 215,725,830	\$ 220,343,929	\$ 222,382,119
Total net debt applicable to limit	<u>23,006,000</u>	<u>22,501,000</u>	<u>21,893,000</u>	<u>22,495,000</u>	<u>42,070,000</u>	<u>41,110,000</u>	<u>39,945,000</u>	<u>38,870,000</u>	<u>37,810,000</u>	<u>36,700,000</u>
Legal debt margin	<u>\$ 81,379,492</u>	<u>\$ 79,751,027</u>	<u>\$ 95,580,901</u>	<u>\$ 131,347,452</u>	<u>\$ 122,095,089</u>	<u>\$ 139,659,779</u>	<u>\$ 156,968,546</u>	<u>\$ 176,855,830</u>	<u>\$ 182,533,929</u>	<u>\$ 185,682,119</u>
Total net debt applicable to the limit as a percentage of debt limit	23.30%	22.01%	18.64%	14.62%	25.63%	22.74%	20.29%	18.02%	17.16%	16.50%

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 <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
Borough of Chatham				
2001	8,377	\$ 474,749,721	\$ 56,673	1.80%
2002	8,364	472,858,740	56,535	2.80%
2003	8,337	475,359,066	57,018	2.80%
2004	8,316	508,115,916	61,101	2.20%
2005	8,305	525,681,585	63,297	0.00%
2006	8,201	560,653,164	68,364	2.50%
2007	8,171	582,592,300	71,300	2.30%
2008	8,171	584,447,117	71,527	2.99%
2009	8,196	559,385,196	68,251	5.20%
2010	**	**	**	5.20%
Township of Chatham				
2001	10,008	\$ 567,183,384	\$ 56,673	2.30%
2002	10,020	566,480,700	56,535	3.50%
2003	10,001	570,237,018	57,018	3.50%
2004	10,054	614,309,454	61,101	2.80%
2005	10,069	637,337,493	63,297	0.00%
2006	10,075	688,767,300	68,364	1.40%
2007	10,059	717,206,700	71,300	1.30%
2008	10,107	722,923,389	71,527	1.65%
2009	10,175	694,453,925	68,251	2.90%
2010	**	**	**	3.00%

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

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

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

\*\* This information is not available from State.

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

Unaudited

	<u>2011</u>		<u>2002</u>	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	
TOWNSHIP OF CHATHAM	*	*	*	*
BOROUGH OF CHATHAM	*	*	*	*

\* This information not available for the District.



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

<u>Function/Program</u>	Unaudited									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	226.19	239.59	244.10	241.49	250.70	253.47	259.92	243.70	247.58	271.50
Special Education	30.50	32.00	31.00	32.30	34.30	56.00	48.80	69.30	73.00	84.20
Support Services										
Student & instruction related services	56.80	59.75	59.82	61.74	61.00	61.49	60.61	60.50	50.63	30.80
General administrative services	3.00	3.00	3.00	3.00	4.00	2.00	2.00	2.50	2.50	10.40
School administrative services	22.60	23.60	23.60	26.60	25.20	25.31	27.75	25.50	23.00	28.50
Business administrative services	6.00	6.00	8.00	8.80	8.50	9.50	9.00	9.00	7.00	7.00
Plant operation & maintenance	33.40	35.00	36.50	37.50	49.00	46.50	46.00	51.00	42.00	42.90
Pupil transportation	0.50	0.50	0.50	0.50	0.60	0.60	0.50	1.00	1.00	1.00
Total	378.99	399.44	406.52	411.93	433.30	454.87	454.58	462.50	446.71	476.30

Source: District Personnel Records

School District of the Chathams  
Operating Statistics  
Last Ten Fiscal Years

Unaudited

Pupil/Teacher Ratio

Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	4 Elementary Schools	1 Middle School	1 High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	2,995	\$ 33,146,681	\$ 11,067	7.34%	264.80	13.6:1	11.3:1	11.8:1	2,938	2,813	2.44%	95.75%
2003	3,138	35,761,944	11,396	2.97%	269.10	13.2:1	11.1:1	11.7:1	3,028	2,899	3.06%	95.74%
2004	3,258	38,901,065	11,940	4.77%	271.70	14.1:1	11.9:1	12.6:1	3,135	3,018	3.53%	96.27%
2005	3,363	42,818,329	12,732	6.63%	281.70	12.8:1	11.10:1	12.39:1	3,266	3,143	4.18%	96.23%
2006	3,458	41,699,837	12,059	-5.29%	288.28	13.3:1	11.2:1	11.9:1	3,376	3,307	3.37%	97.96%
2007	3,492	50,092,236	14,345	18.96%	294.50	12.6:1	10.4:1	11.4:1	3,450	3,392	2.19%	98.32%
2008	3,582	51,912,969	14,493	1.03%	308.72	13.7:1	10.7:1	11.5:1	3,574	3,432	3.59%	96.03%
2009	3,718	52,245,296	14,052	-3.04%	313.00	13.7:1	10.7:1	11.5:1	3,704	3,555	3.62%	95.98%
2010	3,897	53,268,159	13,669	-2.73%	320.58	13.7:1	10.7:1	11.5:1	3,895	3,749	5.17%	96.25%
2011	3,976	56,405,318	14,186	3.79%	326.50	12.9:1	12.1:1	11.2:1	3,976	3,818	2.08%	96.03%

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Milton Avenue School (1948)										
Square Feet	34,728	34,728	34,728	34,728	34,728	34,728	34,728	34,728	34,728	37,964
Capacity (students)	252	252	252	252	252	252	252	252	252	263
Enrollment a	253	262	280	309	323	329	329	342	366	373
Southern Boulevard School (1928)										
Square Feet	51,983	51,983	51,983	51,983	51,983	51,983	51,983	51,983	51,983	61,907
Capacity (students)	377	377	377	377	377	377	377	377	377	396
Enrollment	518	516	535	547	527	526	484	490	502	493
Washington Avenue School (1952)										
Square Feet	40,293	40,293	40,293	40,293	40,293	40,293	40,293	40,293	40,293	43,838
Capacity (students)	292	292	292	292	292	292	292	292	292	304
Enrollment	290	287	325	320	332	327	387	401	446	455
Lafayette Avenue School (1954)										
Square Feet	68,294	68,294	68,294	68,294	68,294	68,294	68,294	68,294	68,294	75,268
Capacity (students)	495	495	495	495	495	495	495	495	495	516
Enrollment	485	525	541	524	561	556	597	636	637	598
<b><u>Middle School</u></b>										
Chatham Middle School (1957)										
Square Feet	144,445	144,445	144,445	144,445	144,445	144,445	144,445	144,445	144,445	148,396
Capacity (students)	989	989	989	989	989	989	989	989	989	1,049
Enrollment	682	706	704	783	795	793	831	849	891	958
<b><u>High School</u></b>										
Chatham High School (1962)										
Square Feet	168,977	168,977	168,977	168,977	168,977	168,977	168,977	220,065	220,065	220,065
Capacity (students)	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Enrollment	767	842	873	880	920	909	954	999	1,054	1,056

Number of Schools at June 30, 2011

    Elementary = 4

    Middle School = 1

    Senior High School = 1

**Source:** District Facilities Office

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

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

Unaudited

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

Year ended June 30	Chatham HS	Chatham MS	Lafayette Avenue School	Washington Avenue School	Southern Blvd School	Milton Avenue School	Total
2002	518,883	267,608	147,291	89,514	75,541	145,968	1,244,805
2003	183,907	89,572	70,589	68,930	33,754	92,500	539,252
2004	370,439	207,431	143,741	111,087	75,734	124,155	1,032,587
2005	446,098	253,031	131,167	77,638	106,703	192,310	1,206,947
2006	310,006	168,723	112,791	74,405	61,980	104,027	831,932
2007	403,377	207,976	114,145	59,007	113,178	69,648	967,331
2008	334,919	225,782	114,500	66,680	94,210	57,741	893,832
2009	350,000	211,869	107,462	62,589	88,386	54,202	874,508
2010	362,272	244,290	123,907	72,165	101,911	62,496	967,041
2011	558,349	376,510	190,970	111,226	157,070	96,322	1,490,447
Grand Total School Facilities	<u>\$ 3,838,250</u>	<u>\$ 2,252,792</u>	<u>\$ 1,256,563</u>	<u>\$ 793,241</u>	<u>\$ 908,467</u>	<u>\$ 999,369</u>	<u>\$ 10,048,682</u>

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records of required maintenance.

School District of the Chathams  
Insurance Schedule  
Year ended June 30, 2011

Unaudited

	Coverage	Deductible
<b>School Commercial Package Policy - Zurich</b>		
Property - Blanket, building and contents	\$ 93,542,951	\$ 5,000
Commercial General Liability	2,000,000 (aggregate)	
Employee Benefits Liability	1,000,000 (aggregate)	
Electronis Data Processing	3,000,000	5,000
Blanket Bond/Crime Coverage	100,000	1,000
<b>Leased / Contractor Equipment</b>	250,000	1,000
<b>Commercial Automotive Liability - Zurich</b>	1,000,000	1,000
<b>Workers Compensation</b>	2,000,000	
<b>Systems Breakdown - Boiler &amp; Machinery</b>	60,000,000	1,000
<b>Environmental</b>	2,000,000 (aggregate)	5,000
<b>Umbrella Liability - Zurich &amp; Fireman's Fund</b>	50,000,000	10,000
<b>Crime</b>		
Employee Theft	500,000	5,000
Forgery / Fraud	50,000	1,000
Computer Fraud	50,000	1,000
<b>School District and Educators Legal Liability</b>		
Zurich	1,000,000	10,000
<b>Volunteer Accident - Maksin</b>		
Maximum Amount	250,000	
<b>Public Officials Bonds</b>		
Treasurer of School Monies - Selective Insurance	325,000	
Business Administrator - Selective Insurance	50,000	
Assistant Business Administrator - Selective Insurance	50,000	

Source: District Records and Insurance Company.

*This page left blank intentionally*









Independent Auditors' 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*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education 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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

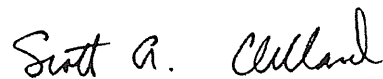
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 Division of Administration and Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the District in a separate *Auditors' Management Report on Administrative Findings* dated November 22, 2011.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

November 22, 2011  
Iselin, New Jersey

Independent Auditors' Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance with  
OMB Circular A-133 and New Jersey OMB Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the School District of the Chathams, in the County of Morris, New Jersey (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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, 2011.

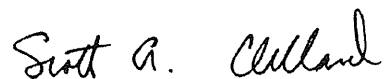
### Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

November 22, 2011  
Iselin, New Jersey

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

**Schedule of Expenditures of Federal Awards, Schedule A  
Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2011		
									Accounts Receivable	Deferred Revenue	Due to Grantor
Enterprise Fund:											
U.S. Department of Agriculture Passed -											
Through State Department of Education:											
Food Donation Program (NC)	10.555	7/1/10-6/30/11	\$ 18,102		\$ 18,102	\$ 17,425			\$ 677		
Food Donation Program (NC)	10.555	7/1/09-6/30/10	19,820	\$ 1,890		1,890					
National School Lunch Program	10.555	7/1/10-6/30/11	45,989		37,360	45,989			\$ (8,629)		
National School Lunch Program	10.555	7/1/09-6/30/10	37,308	(3,064)	3,064	-			-	-	
Total U.S. Department of Agriculture				(1,174)	58,526	65,304			(8,629)	677	
Special Revenue Fund:											
U.S. Department of Education Passed -											
Through State Department of Education:											
N.C.L.B. Title II A	84.367A	9/1/10-8/31/11	64,355		51,479	54,007			(2,528)		
N.C.L.B. Title II A - Carryover	84.367A	9/1/09-8/31/10	64,416	(32,055)	44,415	12,360					
N.C.L.B. Title III	84.365	9/1/10-8/31/11	10,736		8,475	10,736			(2,261)		
N.C.L.B. Title IV - Carryover	84.186A	9/1/09-8/31/10	5,255	(3,588)	3,588						
ARRA - I.D.E.I.A. Part B, Basic	84.391	9/1/09-8/31/11	849,420	(345,030)	436,779	330,415			(238,666)		
I.D.E.I.A. Part B, Basic	84.027A	9/1/10-8/31/11	766,090		654,746	730,082			(75,336)		
I.D.E.I.A. Part B, Basic - Carryover	84.027A	9/1/09-8/31/10	737,798	(322,611)	335,822	60,116			(46,905)		
ARRA - I.D.E.I.A. Part B, Preschool	84.392	9/1/09-8/31/11	30,744	(4,934)	7,220	13,652			(11,366)		
I.D.E.I.A. Part B, Preschool	84.173A	9/1/10-8/31/11	23,989		23,989	23,989					
I.D.E.I.A. Part B, Preschool - Carryover	84.173A	9/1/09-8/31/10	22,429	(4,413)	4,413	-	-	-	-		
Total U.S. Department of Education				(712,631)	1,570,926	1,235,357	-	-	(377,062)		
Total Federal Financial Assistance											
			\$ (713,805)		\$ 1,629,452	\$ 1,300,661	\$ -	\$ -	\$ (385,691)	\$ 677	\$ -

NC - Non-cash expenditures

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

**Schedule of Expenditures of State Financial Assistance, Schedule B  
Year Ended June 30, 2011**

Balance June 30, 2011											MEMO		
State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 07/01/2010	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 408,719			\$ 387,871	\$ 408,719					\$ (20,848)	\$ 408,719
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	2,001,180	\$ (204,741)		204,741							
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	572,861	(58,610)		58,610							
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	288,018	(29,467)		29,467							
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	467,660				467,660		\$ (467,660)				467,660
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	403,188	(403,188)		403,188							
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	38,396				38,396		(38,396)				38,396
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	28,679	(28,679)		28,679							
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	1,857,072			1,765,395	1,857,072		(91,677)				1,857,072
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	1,841,733	(93,204)		93,204	-		-			-	-
Total General Funds				(817,889)		2,971,155	2,771,847		(597,733)			(20,848)	2,771,847
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	30,751			30,751	22,808				\$ 7,943		22,808
Auxiliary Services:													
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	19,258			19,258	18,923				335		18,923
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	27,831	5,927				\$ 5,927					
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	1,708			1,708					1,708		
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	979	196				196					
Handicapped Services:													
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	37,798			37,798	33,168				4,630		33,168
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	48,619	5,414				5,414					
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	34,422			34,422	27,928				6,494		27,928
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	30,219	1,794				1,794					
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	28,488			28,488	19,385				9,103		19,385
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	30,423	2,708				2,708					
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	36,437	-	-	36,437	36,437	-			-		36,437
Total Special Revenue Funds				16,039	-	188,862	158,649	16,039			30,213		158,649
Capital Projects Fund:													
N.J. Economic Development Authority													
Educational Facilities Construction & Financing Act:													
N.J. Schools Development Authority	0785-010-04-2000	10/1/04 - Completion	187,017	(4,066)		8,416			\$ 4,350				182,667
N.J. Schools Development Authority	0785-050-05-0ANZ	7/12/05 - Completion	1,194,049	13,899		53,732	41			67,590			1,126,459
N.J. Schools Development Authority	0785-010-09-1001	6/12/09 - Completion	383,751	(350,902)		383,751	32,849						383,751
N.J. Schools Development Authority	0785-070-10-1002	6/29/11 - Completion	45,800				3,512		(3,512)				3,512
N.J. Schools Development Authority	0785-030-10-1003	6/29/11 - Completion	236,000				20,794		(20,794)				20,794
N.J. Schools Development Authority	0785-050-10-1001	6/29/11 - Completion	263,700	-		-	6,045		(6,045)	-			6,045
Total Capital Project Funds				(341,069)		445,899	63,241		(30,351)	71,940			1,723,228
Enterprise Fund:													
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	4,973			3,767	4,973		(1,206)				4,973
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	4,331	(354)		354	-		-				-
Total Enterprise Fund				(354)		4,121	4,973		(1,206)				4,973
Total All Funds													
				\$ (1,143,273)	\$ -	\$ 3,610,037	\$ 2,998,710	\$ 16,039	\$ (629,290)	\$ 71,940	\$ 30,213	\$ (20,848)	\$ 4,658,697

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

Year ended June 30, 2011

**1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the District. 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 and state awards passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the 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.

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, the payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year.

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

Year ended June 30, 2011

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

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$271,970 for the general fund and \$21,299 for the special revenue fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund, special revenue fund, capital projects fund and enterprise fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund		\$ 4,782,789	\$ 4,782,789
Special Revenue Fund	\$ 1,230,170	158,649	1,388,819
Capital Projects Fund		63,241	63,241
Enterprise Fund	65,304	4,973	70,277
Total financial award revenues	<u>\$ 1,295,474</u>	<u>\$ 5,009,652</u>	<u>\$ 6,305,126</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.

**5. New Jersey Schools Development Authority (NJSDA) Grant**

The District has been awarded grants in the amount of \$2,310,317 from the NJSDA in connection with a capital referendum project for school improvements, the conversion of a workshop and replacement of roofs. At June 30, 2011, \$1,723,228 of the grant funds have been expended. In the Capital Projects Fund, the District realized the full amount of the grant revenue on the budgetary basis (F-Schedules) in the year awarded and realizes the grant revenue on a GAAP basis (B-2) as it is expended. The funds expended for the NJSDA projects are presented on the schedule of expenditures of state financial assistance as required by New Jersey Department of Education guidance.



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

Year ended June 30, 2011

**6. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2011 amounted to \$1,738,972. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey's OMB Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

School District of the Chathams  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u>  X  </u> No

**Federal Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes _____ No
Type of auditor's report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	_____ Yes <u>  X  </u> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 / 84.173 84.391 / 84.392	IDEIA Part B Basic and Preschool Cluster, Regular and ARRA

Township of Bernards Board of Education

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2011

**Part I - Summary of Auditor's Results (continued)**

**State Awards Section**

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

\$300,000

Auditee qualified as low-risk auditee?

X Yes        No

Type of auditor's report on compliance for major programs:

Unqualified

Internal control over major programs:

Material weakness(es) identified?

       Yes X No

Significant deficiency(ies) identified?

       Yes X No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?

       Yes X No

Identification of major programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
11-495-034-5095-002	Reimbursed TPAF Social Security Contribution

School District of the Chathams  
Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

School District of the Chathams  
Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

No federal or state award findings or questioned costs noted that are required to be reported in accordance with federal OMB Circular A-133 or New Jersey OMB Circular 04-04.

School District of the Chathams  
Summary Schedule of Prior Year  
Audit Findings  
Year ended June 30, 2011

Not applicable.



